Engage and Influence -

Empowering a project team to lead change in a pharmaceutical setting

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Laurea University of Applied Sciences **Abstract**
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While services form an increasing part of today's world economy, the pharmaceutical industry has remained a traditional manufacturing industry with little focus on them. However, the industry is currently on its way to reinvent itself due to the ever-increasing saving pressures of health care, making it harder to differentiate new drugs from the ones already on the market. At the same time, it is also harder to show the added value of new drugs.

This thesis depicts a pharmaceutical company and its project team consisting of eight people. The team is responsible for service creation and implementation in the case company. It is an extensive change project, with a goal to challenge the company's current ways of doing business.

The goal of this thesis is to understand how to empower these team members to lead the change. The thesis utilizes service-dominant logic to understand the shift of a mindset and business model when addressing services; and organizational theory to understand the nature of change, the role of a change agent, and change resistance. Furthermore, service design and design strategy for healthcare are explored as guiding approaches to achieve a service-oriented mindset together with engaging co-creation methods.

The research utilizes service design's Double Diamond design process with a focus on the first two parts of the model – namely Discover and Define. The topic was explored through a qualitative lens by interviewing all team members with semi-structured interviews in 2015.

The research findings provide three interesting categories and six separate topics worth of further exploring. The three categories found are the senior leadership's group *Guide & Support*, middle management's *Show* and the case team's *Engage & Influence*. The findings showed that the case team would be empowered by a clear vision and common terminology around services and change. To have a lasting change effect in the organization, the vision should be articulated and supported by senior leadership and middle management.

Empowering the team to implement change requires the right kind of change model, effective communications, creation of change vision, and support from senior leadership. The team could also experience empowerment by taking advantage of service thinking in their daily work, when the goal is to create relationships, and to build new kind of expertise and paradigms. To gain a deeper understanding about this topic, it should be explored further with other tools and for example quantitative methods targeted at the whole case company. This way, the research could be supported with a knowledge about the company's general need for change.

Keywords: design thinking, empowerment, engagement, leadership, leading change

Laurea-ammattikorkeakoulu
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Osallista ja Vaikuta - Muutoksen johtaminen lääkeyrityksen projektitiimissä.

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Palvelut muodostavat kasvavan osan maailman taloudesta, mutta perinteisenä teollisuuden alana lääketeollisuus ei ole tähän mennessä kiinnittänyt niihin juurikaan huomiota. Uudistumispaineita luovat osaltaan terveydenhoidon jatkuvat säästöt, jotka vaikeuttavat uusien lääkkeiden erottautumista jo olemassa olevista lääkkeistä. Tällöin myös lääkkeiden lisäarvoa on vaikeampi osoittaa.

Tämä lopputyö käsittelee lääketeollisuuden yritystä ja siinä työskentelevää kahdeksan jäsenen projektitiimiä, joka vastaa palvelujen tuotannosta sekä jalkauttamisesta yrityksessä. Kyseessä on suuri muutoshanke, jossa tiimin tarkoituksena on kyseenalaistaa yrityksen nykyisiä toimintatapoja.

Lopputyön tavoitteena on ymmärtää, millä tavoin tiimijäsenet voisivat voimaantua muutoksen läpiviemiseen. Työ hyödyntää palvelukeskeistä logiikkaa yrityksen liikeidean muutoksessa kohti palveluajattelua sekä organisaatioteoriaa muutoksen ytimen ymmärtämisessä ja muutosagentin roolin sekä muutosvastarinnan tarkastelemisessa. Lisäksi palvelumuotoilun ja terveydenhoidon muotoilustrategian käyttöä pohditaan palvelukeskeisen, osallistavia yhdessä luomisen menetelmiä hyödyntävän ajattelutavan kautta.

Tutkimuksessa on käytetty palvelumuotoilun Double Diamond -muotoiluprosessia, jossa pääpaino on prosessin kahdessa ensimmäisessä osassa – löytämisessä ja määrittelemisessä. Lopputyön aihetta on tutkittu laadullisesti kahdeksan puoli-strukturoidun haastattelun avulla kaikkien tiimijäsenten osalta vuonna 2015.

Tutkimustulokset paljastivat kolme kiinnostavaa kategoriaa ja kuusi erillistä aihealuetta. Kolme kategoriaa jaoteltiin omiin ryhmiinsä, sisältäen ylimmän johdon *Ohjaa & Tue*, keskitason päälliköiden *Näytä* sekä projektitiimin vastuualueen *Osallista & Vaikuta*. Tutkimustulokset osoittivat, että projektitiimi kokisi voimaantuvansa selkeän vision ja yhteisen sanaston muodostamisesta muutokseen ja palveluihin liittyen. Jotta yrityksessä saataisiin tehtyä pysyviä muutoksia, yhteisestä visiosta tulisi viestiä ja ylimmän johdon sekä päällikkötason tulisi osoittaa sille tukensa.

Henkilöstön voimaannuttaminen muutoksen läpiviemiseen tapahtuisi muutosvision luomisella, oikean muutosmallin valinnalla sekä viestimisellä ja ylimmän johdon tuen avulla. Kyseinen projektitiimi voisi myös kokea voimaantumista muotoiluajattelua hyödyntäen jokapäiväisessä työssään kun tarkoituksena on luoda suhteita, rakentaa uudenlaista osaamista ja ajatusmalleja. Lopputyön suosituksena on, että tutkimusta laajennettaisiin useammallakin työkalulla ymmärryksen syventämiseksi. Lisäksi tutkimusta tulisi laajentaa määrällisellä tutkimuksella, joka kohdistuisi koko yritykseen. Näin tutkimusta voisi tukea tiedolla yrityksen yleisestä muutostarpeesta.

Avainsanat: muotoiluajattelu, muutoksen johtaminen, osallistaminen, johtaminen, voimaannuttaminen

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1 Introduction

Services are becoming increasingly important in the economy of today. Tekes report (2010) mentions that services account for 70 % (versus 75 % in the US) of the output in industrialized countries. Ostrom et al. (2010) state that services are dominating our economies, and even the traditional manufacturing industries are experiencing an expansion into services. Reason et al. (2016, 2) point out that services are adding another layer onto the services of manufacturing companies, where there is room to differentiate in an otherwise mature market situation and where services many times generate higher margins. Apart from the question of differentiation and margins, services support the usage of products and, if performed well, drive loyalty among customers (Reason et al. 2016, 2).

Therefore, the rapid growth of services are leading up to new questions and concerns that influence not only companies but society as a whole and the lives of consumers around the world (Ostrom et al. 2010). This societal importance and impact is especially in focus when designing healthcare services, with a complex network of stakeholders to address and varying objectives for these stakeholders. These new questions and concerns bring together business people and researchers in the pursuit of novel business models and deeper understanding of services when companies are trying to understand if and how they can benefit from the ever-increasing share of services in our shared economy. Ostrom et al. (2010) claim in their article around service science priorities, that even though services are becoming an increasing part of our economy, there is still much research left to be done and this research is best executed through an interdisciplinary lens due to the complex nature of services. This thesis depicts that interdisciplinary lens and touches upon many of the research priorities listed by Ostrom et al. 2010.

As a company embarks on a journey towards services, the customer is not only the recipient of a transaction, but a co-creator of it and the question of value of a service becomes increasingly interesting. The customer or user is ultimately the one that defines the value in use, but companies can make value propositions based on insights of customer needs. Tekes report (2010) mentions so called Forerunner Service Companies, which are the companies that have been able to successfully combine insights on customer needs i.e. often latent needs together with emerging trends to create business model innovation strategies. These strategies are then supported by forerunner service business competencies, which an organization must be able to deliver. These business competencies are built up on a new kind of service logic that puts the customers and the value they seek and co-create in the heart of a company’s operations (Tekes report 2010). The service-dominant logic will be explored in this thesis as a key component in any company wanting to change a company mindset and operations from product-focus to service-focus and a re-definition of value.

A change from product-focus to service-focus clearly brings many novel challenges to an organization and the chosen business model around services for a company varies. In healthcare, many pharma companies have chosen to found a separate unit for services (Eyeforpharma 2015) since the need for change is profound and on multiple levels, internally and externally. There is a great need for ambassadors for implementing this change in systems, skills, processes and mindsets of people. How to successfully lead this change in a pharmaceutical company from a manufacturing focus towards a services approach and in the end empower staff to lead this change becomes an interesting consideration throughout this thesis.

1.1 Background for selected research priority

Ostrom, Bitner, Burkhard, Goul, Smoth-Daniels, Demirkan and Rabinovich (2010) have conducted a significant study into the most pressing research priorities in the science of service. For the purpose of their study, they interviewed several hundred researchers as well as business managers across the globe to see which topics needed more research attention. Ostrom et al. (2010) came up with ten research priorities that are further dissected according to business aspects into strategy, development and execution priorities.

The six emerging themes
An interdisciplinary lens needed
”Service logic” is seen as an important catalyst for research
Taking a global perspective to developing services
More research is needed with a business-to-business focus
Excitement about welfare and quality of life issues
The importance of technology

Table 1: The six emerging themes of interest in service science (Adapted from Ostrom et al. 2010, 5-6)

Before this thesis examines these ten priorities closer, it is noteworthy to have a closer look at the six themes that were generally of interest for the whole study. The themes can be found in Table 1.

Ostrom et al. (2010) found out that due to the complexity of services, an interdisciplinary lens is needed when developing services. When looking at certain frameworks or models of interest, they found that most participants talked of a service logic or service-dominant logic that would serve as a catalyst for future research in the area of services. Furthermore, the globalization of services was found to be interesting and it is important to test whether a successful service is applicable in another country or context. The business-to-business focus around services demands more research, and the researchers found a general excitement around quality of life and the role of transformative services. The technology aspect was so strongly emphasized by the respondents that the Ostrom et al. (2010) selected to call it a pervasive force that affects all priorities due to its impact in all areas of business: strategy, development and execution. (Ostrom et al. 2010, 5-6.)

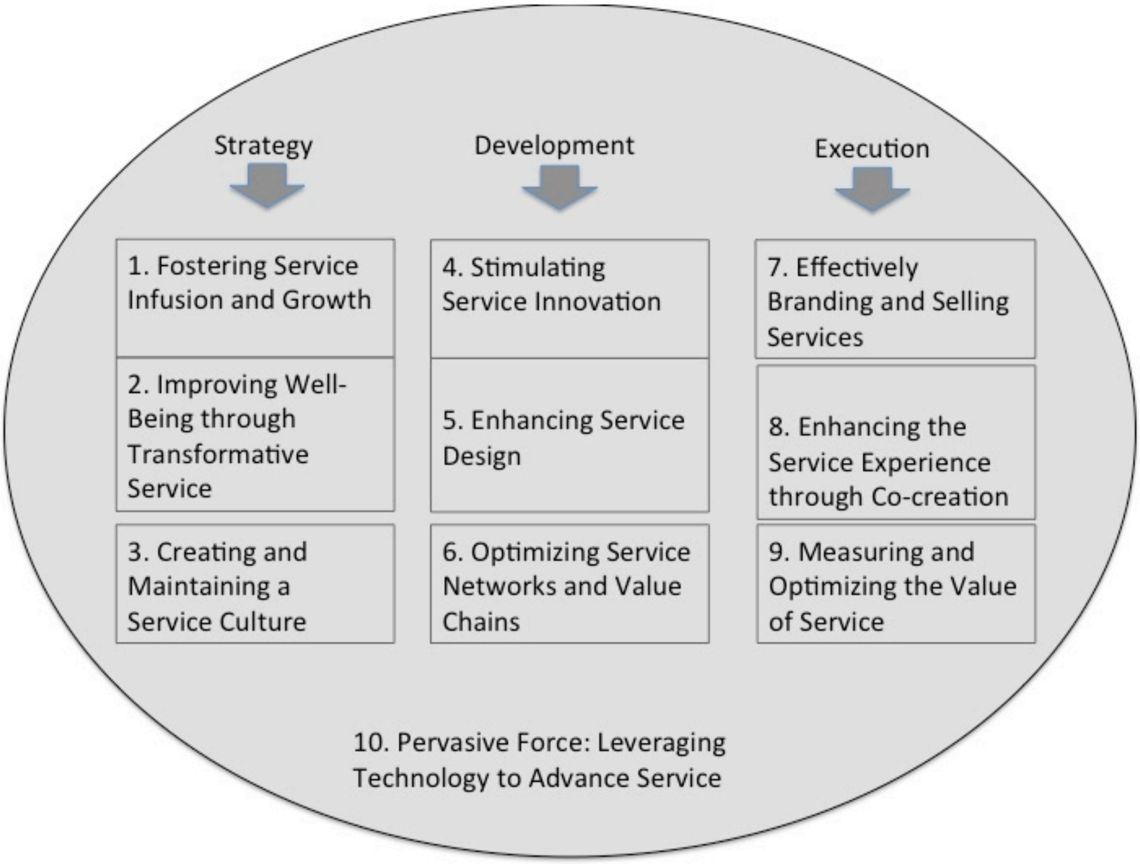

Figure 1: The ten service science research priorities (Adapted from Ostrom et al. 2010, 6)

The ten research priorities summarized by Ostrom et al. (2010) are shown in Figure 1 above. All of these research priorities are of interest for this thesis, as this is a development project for a case company that is turning its attention towards services from a purely manufacturing standpoint. However, of special relevance for this thesis are the business areas of strategy and development. As this case company operates in the healthcare industry, it is concerned with improving well being, health outcomes and the quality of life is a re-occurring important topic. The case company has made a strategic decision to move into services and solutions, and therefore the questions of how to achieve service infusion and growth, and also how to create a service culture internally within systems and people and how to lead this change of mindset becomes interesting. Furthermore, the case company is interested in service innovation and this is where Service Design and Design Thinking becomes interesting, as Design Thinking mindset together with Service Design tools could have a beneficial impact in the case company's strives towards service innovations within the area of well-being and health. Therefore, this thesis is of relevance for the ten most pressing research topics in service science listed by Ostrom et al. (2010).

Furthermore, this thesis is about leading change in a complex environment as healthcare. Cicmil (1999) has outlined that change management as a topic is complex and in need of further research and development. This thesis brings this research topic qualitative insights from a setting of a pharmaceutical project team.

1.2 Research objective

The purpose of this thesis is to gain an understanding of how the selected case company's team members can become more empowered to lead change in a successful way. Therefore, the research question is: ”How can the team members become more empowered to lead change?”.

The topic has been explored with the help of eight semi-structured interviews (Thomas 2016; Portigal 2013) that were conducted with team members during fall 2015. Stickdorn and Schneider (2013, 114) point out that research is essential for the success of a Service Design project and the engagement with research should not be limited to one phase of the research, instead it should be a re-occurring empathic discussion which is iterated upon and shown in a visually engaging way to stakeholders. The author of this thesis is a part of this team of eight individuals, thereby adding to the research with her own experiences from the team and the company. Having worked three years in the pharmaceutical industry also provides insights from the industry. Thomas (2016, 190) states that because of the freedom in semi-structured interviews, it is often a suitable style to select when wanting to explore topic rather than specific questions. Therefore, the primary research topic was explored and the field guide was composed through the following considerations:

- How comfortable are the team members in driving change?
- Do team members feel that they should be driving change in the organization to begin with?
- Are there differences between team members' attitude towards acting as change ambassadors internally?

- What does the collaboration look like now in our different teams? In what way are other teams running change management processes? Is there an understanding of why change is needed?
- If team members feel that they are driving change, what do they feel that they could benefit from? Is it a matter of improving capabilities or tools to use?

The full set of interview questions can be found in the Field Guide as Appendix 1.

1.3 Key concepts and theories of interest

It is quite rare to read a book or an article in Service Design without encountering the words change and transformation. Moreover, as Tim Brown states (2009), every Service Design project is simultaneously a change project. This is probably the case since using Service Design tools and methods, and having a Design Thinking approach in an organization, provides novel tools to use and new ways of thinking across the various departments in a company. The terms change and transformation, as well as terms such as vision, empowerment, effectiveness, culture and teamwork, are also the terms that bind together organizational theory, service-dominant logic and Design Thinking as the three main theories to be utilized in this work. The theoretical part of the thesis draws upon these three theories. Service Design tools and methods function as the practical method for achieving many of the matters explained in the theories and allows ignoring some of the errors presented in the theory. Design Thinking facilitates the factual mindset shift that is more embracing towards change, since it has crucial elements needed in leading and managing change. To summarize, what unites the chosen theories and methods are the important terms used.

Change

Concerning the terminology on change, it is important to note that both leading change (Kotter 2012) and managing change (Burnes 2014) have been used throughout this work. The term has been chosen according to the wording of the author or source at hand. However, it is in most cases important to note that managing change and leading change means different things (Kotter 2012). The wording used in the various sources provides the reader with information about how the author views change, as something to be managed or led, making the content of change initiatives different. Therefore, it is important to notice the wording.

Vision

Kotter (2012, 71) describes vision as the following: ”Vision refers to a picture of the future with some implicit or explicit commentary on why people should strive to create that future”. Kotter’s definition of vision is important for the following sections in this work as his eight-stage process for leading change is presented. Vision was also an important part of the research findings and therefore an important aspect of this thesis. A vision is generally important since it gives a sense of direction; it coordinates needed action and motivates people to take sometimes painful steps (Kotter 2012, 71). A sensible vision also facilitates the change agents' work, and gives them mandate in driving change to begin with (Burnes 2014).

Empowerment

Burnes (2014, 613) describes empowerment as "the delegation of power and responsibility to subordinates". Kotter (2012, 105) also writes that the term has been overused which makes it harder to understand, however the writer feels that the term is still important as ever as people need to feel powerful. The term empowerment can be found in various situations and theories, e.g. such as empowerment of staff in customer care situations in service-dominant logic (Wilson et al. 2016), or as a psychological/behavioral phenomenon in social sciences where there is further classification of empowerment into supervisors' empowering practices, employee behavioral empowerment and psychological empowerment (Boudrias et al. 2009). From a psychological point-of-view an empowered individual finds meaning in their role, feels competent to act in that role and to achieve expected results and believes he/she can have an impact in the outcomes of an organization (Boudrias et al. 2009).

However, in the context of this thesis, Kotter's (2012) definition from an organizational learning theory of empowerment is important. That is, empowerment means having the ability to take action on a set change vision (Kotter 2012). The ability to take action is formed by removing obstacles hindering change in an organization, e.g. systems or structure (Kotter 2012). Boudrias et al. (2009) also state that empowered individuals, also from a psychological standpoint, manage their work responsibilities and "proactively initiate changes in their work environment". Therefore, psychological empowerment is linked to change efforts.

Engagement

Engagement is used both in organizational theory and Design Thinking literature. Reason et al. (2016, 70) state that engagement is a concept used when working with "customer-driven approaches". The writers state that engagement is essentially the interactions a company has and wants to have with its customers (Reason et al. 2016, 70-71). Building on this definition, this thesis reviews engagement from an employee engagement perspective, and engagement can be seen as somewhat synonymous to involvement in this thesis.

Influence

Being able to influence people to move in a certain direction, to change, requires leadership (Kotter 2012). That is why leadership and management (Burnes 2014; Kotter 2012) are discussed under this topic as well as the broader role of the change agent.

Customer

The pharmaceutical industry has always struggled to define the customer (Eyeforpharma 2015). Therefore, it is more suitable to address this topic from the viewpoint of internal and external stakeholders that are involved in co-operation with pharma. Reason et al. (2016) also state that a customer has different mindsets at all times, i.e. a customer can be a user and consumer simultaneously. Certainly in healthcare, which is the context of this thesis, having different mindsets simultaneously as the customer or even the service provider is often a patient or a *Health Seeker* (Jones 2013).

1.4 Structure of thesis

The first chapter of this thesis outlines the background for why this research topic is of interest to study. The second chapter focuses on providing the reader with an overview of the pharmaceutical industry, its key stakeholders and the kind of change the industry is currently facing. The third chapter reviews three selected theories of interest in leading the needed change: service-dominant logic, organizational theory and Design Thinking. The fourth chapter outlines the methodology used in this thesis, and chapter five outlines the research findings with a discussion. The last chapter provides the reader with conclusions and suggestions for further research on the topic.

This thesis is about service design, and therefore my aim has been to make it visual by adding my own drawings whenever possible. A visualization is a powerful tool for testing a concept or explaining a service to another person. Kelley and Kelley (2013) note that it is important to distinguish between drawing for arts and drawing for communication, and this thesis is focused on drawing for communication – to facilitate the understanding for the reader.

2 Case company and industry overview

This thesis is written for a case company within the pharmaceutical sector. The pharmaceutical case company in question operates globally with over 40.000 employees, and locally in the Nordic and Baltic region with 280 employees. The case company focuses on chronic illnesses and long-term conditions within therapy areas such as oncology and immunology. (Janssen 2017.) The only source of revenue for the Nordic organization at present time is from the manufacturing of medicine, but the company's vision for 2020 outlines services and solutions as one of three building blocks for the future (Järkkä 2015).

The company is focused on providing health outcomes, not just selling innovative new medicines. The strongest commitment is to the patient receiving an improved health outcome. To improve health outcomes for individual patients, the company has understood that it needs to look beyond the medicine it produces. In the quest for improved outcomes, the company has in its 2020 strategy set three pillars, of which one of them is a focus on services and solutions. The company furthermore believes in value-based pricing, where new innovative treatments should be evaluated and price set according to the value they bring to society, healthcare and society overall. (Järkkä 2015.)

The Nordic organization consists of cross-functional teams in the various therapeutic areas, such as the above-mentioned immunology. These cross-functional teams, i.e. brand teams, are built up with professionals with different backgrounds and education. For example, the teams generally have members from the commercial teams, Public Affairs, Health Economics, Medical Affairs and other supporting units such as Business IT or Business Support. The cross-functional team set-up allows the company to work with professionals from many fields and builds on a deep understanding of the various external stakeholders that are to be seen as customers. These cross-functional team-members can be situated in any country in the Nordic region, as the company has offices in Helsinki, Oslo, Stockholm and Copenhagen. The company supports working from home and using virtual conferencing tools in making the Nordic and cross-functional team collaboration smooth.

2.1 The case team

The Customer Engagement team is a cross-functional team that works with the commercial organization, i.e. brand teams, in promoting the proper use of channels in marketing, in enhancing digital initiatives and in delivering end-to-end services and solutions. As mentioned, the team is part of the commercial organization, which includes other functions such as Brand Managers, Business Managers and Area Account Managers within the selected therapeutic areas and countries across the Nordic region.

The Customer Engagement team consists of nine people that are divided into two subgroups, see Illustration 1 for an overview of the team set-up. The first subgroup consists of Brand Customer Engagement Specialists, which have a strong foothold in the cross-functional brand teams. Their main focus is to plan and execute multichannel efforts as a part of the cross-functional brand team. The second subgroup is Project Customer Engagement Specialists, which are more project driven and they do not require the same amount of presence and knowledge within the brand team. The Project Specialists are assigned certain projects to deliver upon, and those projects might have external or internal customers and the projects might be only internally launched business support projects.

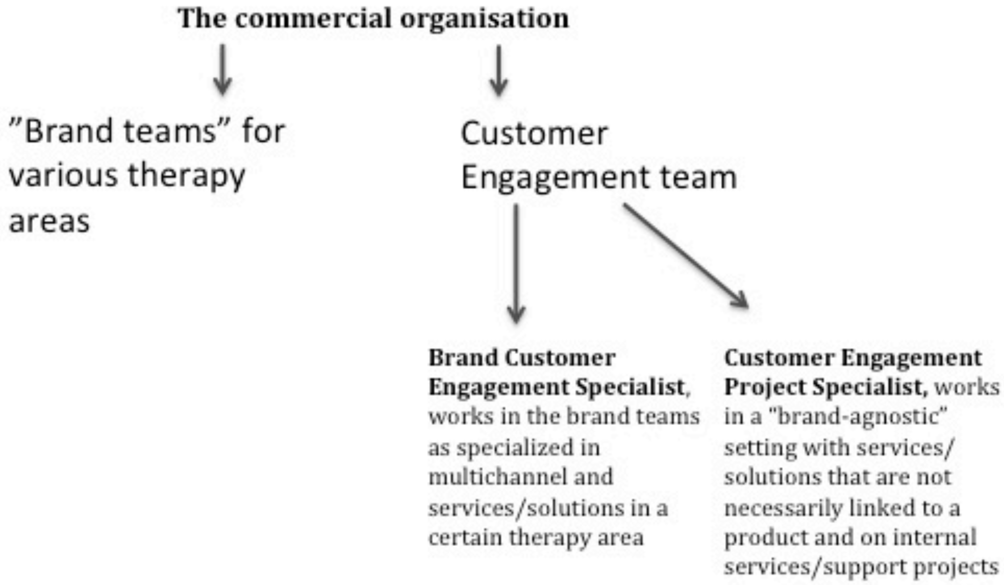

Illustration 1: The case team set-up (own illustration)

The aim for the Customer Engagement Team is to challenge existing ways of operating, based on insights from multiple stakeholders. Leadership, without formal authority, in projects is in the center of the teams’ skills. The team members’ tasks are to gather insights by working cross-functionally internally, involving and talking to various roles such as Medical Advisors, Controllers, Public Affairs Managers, Business Managers and Brand Managers. Furthermore, team members aim to be part of external discussions and events as well, joining conferences, following the start-up scene in Nordic countries, meeting with external stakeholders such as patient association members and keeping up-to-date with what is happening in digital and service efforts in the pharma and healthcare industry as a whole.

2.2 Industry background

There is a radical need for change in the pharmaceutical industry from a traditional goods-dominant business model towards a business focused more on creating value for different stakeholders through services, fostering relationships and focusing on improving health outcomes. Pharma has been slow to react to the ever growing service business as it has relied on the ”blockbuster” approach where innovative medicine has been developed, tested and launched. (Eyeforpharma report 2015.)

A paradigm shift is currently happening, where there is more focus on proving the outcomes and effect in real life of the solution one provides. The shift has to do with increased cost-pressure in the public health sector and the fact that it is becoming harder to show the “added value” of a new drug compared to one already available. Value-based pricing has entered the market, forcing the pharma companies to take more responsibility and ownership of the positive outcomes for a condition – going beyond the pill they provide. There is fierce competition, and as mentioned it has become harder to differentiate only with a product. (Järkkä 2015.) This forces the pharma companies to shift from a goods-dominant to a service-dominant logic, at least in parts of their business model.

The question around services in pharma has evolved from *what* to *how* (Eyeforpharma 2015), as it's clear that the future business model for pharma needs to include services and solutions but few companies have yet been able to show success stories around services. One of the larger hurdles has to do with the complex network of stakeholders one has to manage, as the external and internal network poses limitations for what a pharma company is able to do. Pharma as an industry is known for its risk-averseness and highly regulated environment, which does not facilitate innovation and risk-taking in order to gain new learnings. (Järkkä 2015.)

As services and products require different organizational set-ups, the approach for service development has been threefold: in a team in the commercial organization, in a team in the R&D organization or in a separate business unit from the drug manufacturing and development (Eyeforpharma 2015). The Eyeforpharma report's (2015) interviewees believed services development needs to be separated from the core business of pharma, regardless of what the organizational set up is.

These challenges with the change in pharma will be explored in the subsequent chapter. The background of pharma will be looked at to understand its position today and why change is needed. Furthermore, the stakeholders will be defined, i.e. the *customer,* involved in any collaboration as it is important to understand that the definition of positive health outcomes varies for these stakeholders.

2.3 Pharma is facing severe change

Pharma is a traditional manufacturing industry, where the focus has been on a transactional model of producing something and delivering it. The most time-consuming and costly part of the manufacturing process has been in the R&D phase as only a fraction of the molecules that are developed actually lead to a launch of a new drug. Traditionally, marketing and sales have been something that occur in the later stages of the development, after the drug has passed several clinical trials for safety and efficacy. It is of utmost importance for any new drug on the market to gain reimbursement for the new medication, as without reimbursement there is very little prescriptions made for that drug generating revenue for the company. The objective for most pharma companies is to develop new medicines that can be sold for a premium price (Järkkä 2015, 20.)

With more and more innovative new medication it has become harder to differentiate the product from the competition and harder to prove the drug's superiority against an already available drug on the market. To be able to receive reimbursement and a premium price for the drug, the pharma company must be able to provide evidence for the above (Järkkä 2015). Traditionally, successful clinical trials have been evidence for the superiority of a drug but as payers look for ways to differentiate a product the focus has shifted towards something called Real World Evidence where the product should be ideally tested in real life, with real patients and it should demonstrate improved health outcomes. Järkkä (2015, 9) mentions that information technology and the self-monitoring devices of today facilitate the monitoring of real patients.

Another factor driving the focus towards improved health outcomes is the cost-pressure of the health systems. With an aging population comes more chronic conditions that need to be treated. Järkkä (2015) mentions in his thesis that medicines have traditionally been viewed upon as an substantial part in the overall healthcare budget, however, in 2012 medication expenditure was only 13 % of the total healthcare budget in Finland. As costs need to be lowered, changing funding models become interesting. A shift towards value-based pricing has started within pharma. Järkkä (2015) states that value-based pricing i.e. outcomes based pricing means that compensation is based on proven effect – which should be positive and expected. This type of pricing model includes three stakeholders: payers, patients and the pharma company in questions and the challenge with the model becomes finding commonly agreed good outcomes for a condition (Järkkä 2015). This renewal in funding forces the pharma company to emphasize outcomes and approach the various stakeholders to be able to define what value means to them in an attempt to co-create value. (Järkkä 2015.)

The pharmaceutical industry is based on a goods-dominant logic (Vargo & Lusch 2006), where much of the resources have traditionally been put on the research, development and manufacturing of new drugs as the core business has been to produce new medicines to patients. In an earlier era, companies could thrive on producing a blockbuster drug after another. In an increased competitive situation, more and more pharmaceutical companies are looking into ”beyond the pill” or so called value-adding services, where the companies could make a difference in the therapeutic area beyond the drugs they produce.

Therefore, for the pharmaceutical industry the challenge lies in finding new business models within services. When moving into services and solutions, change is ever present. Change happens through organizational changes in teams and people, which keep the organization agile in responding to the market. Change also needs to be a mindset, since moving into service-dominant thinking pharma companies need to alter their thinking around value to consider a multiple stakeholder view and the propositions of value a company can offer those stakeholders. Value in healthcare is essentially linked to outcomes (Eyeforpharma 2015). Trying to shift an organization from goods-dominant to service-dominant logic or having two business logics exist simultaneously is an extensive change effort, and therefore many organizations have chosen to open a separate subunit or subsidiary focusing on services and solutions (Eyeforpharma 2015). The change efforts focus on restructuring, strategic change and in the end cultural change.

2.4 Defining the *customer* in pharma

Pharma has always struggled with the definition of its customer (Eyeforpharma 2015). Maybe it is therefore more appropriate to talk about internal and external stakeholders. Gummesson (2008) also promotes the usage of networks and nodes in these networks to elaborate on the complex topic of customer relationships.

Although the definition of customer might be problematic especially in the healthcare industry, it is noteworthy that Reason et al. (2016, 33) point out that in any human behavior one needs to look at different co-existing mindsets, i.e. we might act as a consumer, a customer and a user at various points in an experience. From the healthcare industry point-of-view, it is important to understand also that any human being can become a “customer” during any time of their lives, as we are all patients at some point in our lives. That is how a pharma representative can simultaneously have the mindset of service provider and patient with a certain condition.

One cannot discuss the matter of customer without a mention of the regulatory environment that most pharma companies operate in. The regulations set limitations and borders for how pharma can interact with external stakeholders (Eyeforpharma 2015), how pharma can market or build services and the regulatory environment further sheds some light on why the internal stakeholder co-operation becomes important as you need help from many internal stakeholders to navigate your way through the regulatory jungle. To capture the regulatory complexity, Illustration 2 shows the regulatory environment for one pharma company (Järkkä 2015).

Illustration 2: J&J Compliance environment (Adapted from Järkkä 2015, 15)

In the writer's opinion, apart from task of internal stakeholder management, the most limiting factor for service creation is the access problems pharma has to patients, and the access to providers is becoming more limited as well. Access problems to "direct users", many times the patients, make the pharma companies rely on secondary data from vendors or partners in their service creation.

2.4.1 External stakeholders

The external stakeholders for pharma companies are: patients, payers, providers i.e. nurses, physicians, pharmacists and partners/vendors. Illustration 3 features a stakeholder map of the parties relevant in care provision for a patient, also found as Appendix 3 in larger format. There are generally three layers from A-C in the stakeholder map. Layer A is the patient, layer B is the direct provision of care and layer C is the indirect provision of care. The patient is in the center, nurses, physicians, patient advocacy groups, pharmacists and caregiver or family members are found in layer B as these are stakeholders that directly support, care for or give services to the patient. Pharmaceutical representatives and payers are found in the outer circle, layer C, as these parties seldom have direct patient contact but provide mediated service or product provisions through care providers such as nurses or physicians or through support groups such as the patient advocacy groups. Therefore physicians, nurses, pharmacists and support groups are important to pharma as they are the way to better outcomes for the patients.

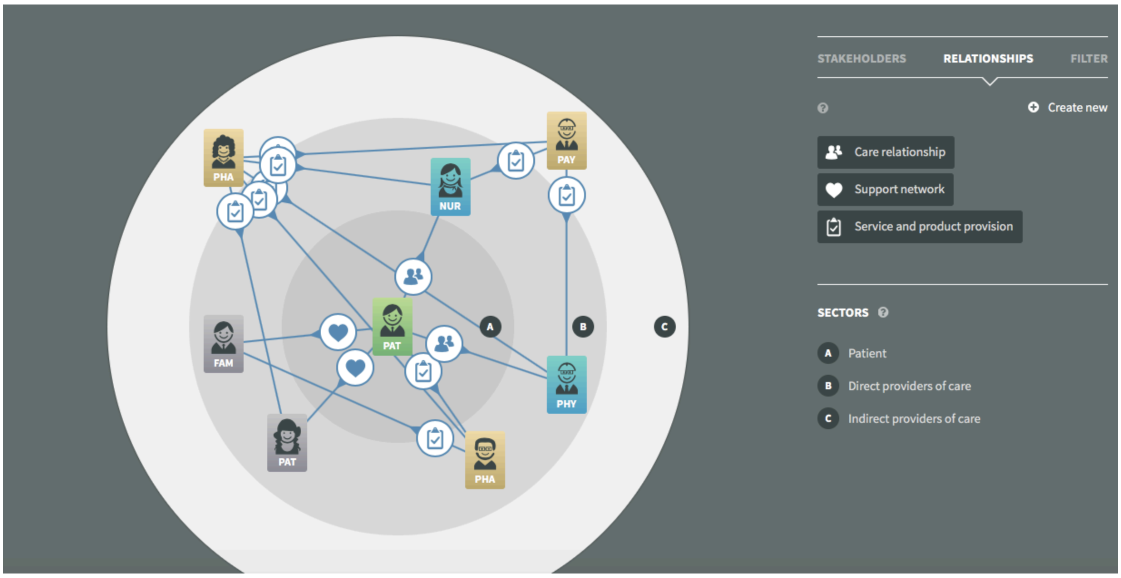

Illustration 3: External stakeholder map (see larger format as Appendix 3)

Patients are in the center of attention, but due to the regulations on direct patient contact for pharma, many companies use vendors e.g. market research companies or partners e.g. patient associations to gain knowledge of pressing issues and problems for patients. Indeed in the context of healthcare Järkkä (2015) emphasizes the building of relationships and networks for achieving improved health outcomes, and Eyeforpharma report (2015) promotes the use of partners and vendors.

Jones (2013, vii) brings forth a novel way of looking at patients as so called *Health Seekers*. This view is interesting, as it highlights the fact that we are all seeking better health outcomes in a complex system of stakeholders to address (Jones 2013, viii). Coining the term Health Seeker also puts an empathic aspect to patients, viewing them as enabled and empowered actors in this network instead of a traditional role of passive receiver of care. An empowered view on the patient is important in a strive towards creating better health outcomes for individuals and society. (Jones 2013.)

Providers of healthcare services are usually nurses or physicians, and payers are Hospital District Directors or KELA in Finland. One of the most profound changes in how healthcare is delivered today has to do with the fact that power has shifted from the prescriber of medicines to patients and payers (Eyeforpharma 2015, Jones 2013, Järkkä 2015). The industry is facing more empowered patients with more knowledge of treating options (Eyeforpharma 2015). Furthermore, the advances in technology in the health care sector open up new opportunities for patients to self-monitor (Järkkä 2015) and gain a broader perspective of their own health (Jones 2013). However, as Jones (2013) points out, technology will not solve the pressing issues in healthcare today, as the problems are often political across the multiple layers of healthcare provision – not technological.

Enhancing patients' wellbeing is a topic of interest for all stakeholders, but the objectives in healthcare vary per stakeholder. Järkkä (2015) mentions that setting a common objective for the stakeholders involved in improving health outcomes should be the next important step in healthcare. Jones (2013) also promotes working through the different layers of healthcare in achieving long-lasting outcomes. Jones (2013, 13) also addresses the problem of common objectives in health care as the one having the need is different from the one that is actually paying for the care, i.e. the patient has the need but the payer is paying for the service given. Without understanding the need behind the care, it is hard to define what an improved health outcome is as it is a subjective definition.

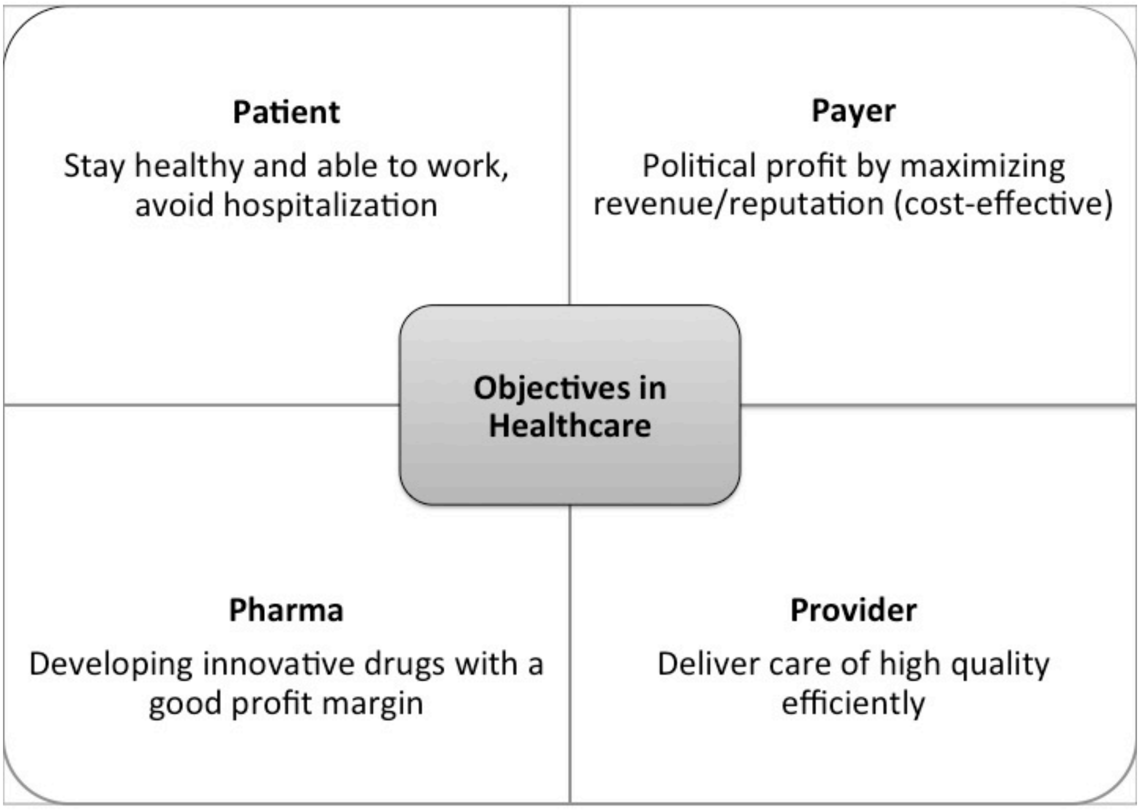

Figure 2: Objectives in Healthcare (Adapted from Järkkä 2015, 20)

Figure 2 illustrates the differences in objectives for the stakeholders involved in healthcare at present time. Furthermore, this image outlines a problem for the development of healthcare improvements or services, and as Järkkä (2015, 21) mentions the stakeholders involved in the process have very different objectives and incentives.

2.4.2 Internal stakeholders

When working towards improving health outcomes in society, the internal processes supporting the service and solution creation become important. Grönroos (2008) calls these functions a company's value generating processes, i.e. backstage processes. Reason et al. (2016) divide these elements into people, practices, policies and systems. The authors describe how functions such as Legal, IT, Sales and Marketing as well as Operations need to align and work together around a common vision. It is important to engage these people across the company, as the engagement often leads to new innovations around process and practice. Furthermore, alignment is important because then people can work independently on deliverables. (Reason et al. 2016.) To aid alignment, Kelley and Kelley (2013) point out that teamwork should be set up in a way where there is collective ownership of shared goals and outcomes, i.e. no single person is responsible for a failure or a success of a team but these are collectively owned and shared.

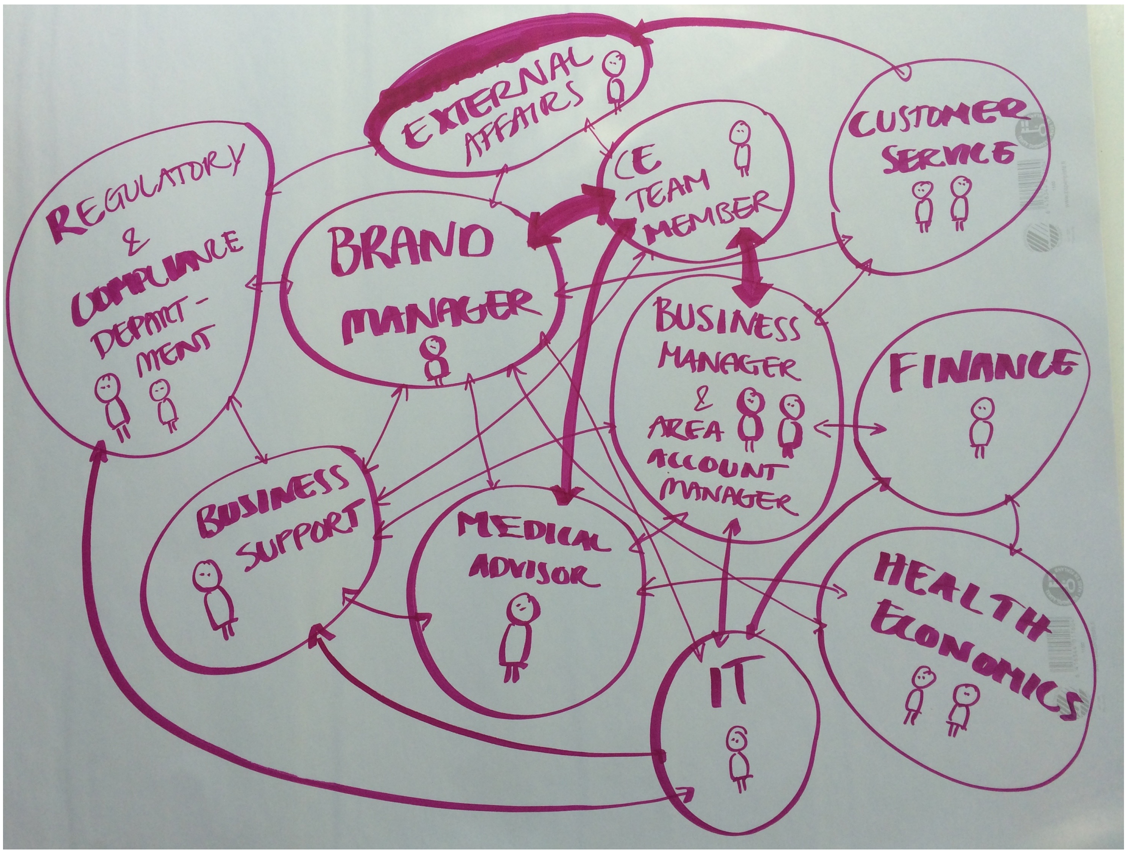

Illustration 4: Internal stakeholder map (own illustration)

The case company's set up around service creation was described earlier as highly cross-functional and collaborative. Kelley and Kelley (2013, 186) point out that such cross functional teams can become a true asset for a company as the teams include various professionals with contrasting views which can spark more innovative and creative solutions to problems.

The case team members collaborate with various functions internally such as Brand Managers, Business Managers, Area Account Managers, Medical Advisors, External Affairs Managers, Business Support personnel and IT to name a few (Illustration 4). The Brand Manager is one of the most important stakeholders, as he/she is often responsible for overall marketing on a strategical and tactical level, and maintains contact to European peers in the organization. Apart from the Brand Manager, the most important stakeholders for the case team member (CE Team member in Illustration 4) are the sales oriented Business Manager and Area Account Manager, the Medical Advisor for that therapeutic area and the regulatory department. However, to be able to create services and solutions, the team members need the engagement of all these internal stakeholders directly or indirectly. Furthermore, the team members need to be able to get buy-in from these internal stakeholders as their expertise is needed for successful service creation and implementation.

Reason et al. (2016) accurately state that one of the most common challenges for change today is the fact that companies are working in silos, without true efforts to collaborate and align. Kotter (2012) also states that one of the hurdles of change efforts is past success for a company, as it gives and internal focus that does not create readiness for change or communicate the need for change. Gummesson (2008) promotes the concept of balanced centricity instead of only customer centricity, i.e. the internal processes of a company should not be forgotten in the effort of bringing in more customer-centered ways of operating.

One of the most critical partners for service creation is the regulatory department. As Eyeforpharma (2015) mentions, the regulatory department should be engaged early on in any project. The same report mentions that the current difficulty in pharma is that the regulatory department is built up around product-focused regulations, and service creation would need new regulatory views – both externally and internally (Eyeforpharma 2015). Pharma is also very risk-averse as an industry (Eyeforpharma 2015), which makes it harder to engage the regulatory stakeholders that are trained to beware of obstacles and bring forth problems rather than solutions.

As a highly-regulated industry, pharma has restrictions on direct patient contact. This does not facilitate the co-creation of value together with customers, which should be a part of service creation of today (Reason et al. 2016). However, as regulated as the interaction might be, the regulations do not prevent the industry from listening to patients (Gagen, Patient Summit event speech 18.6.2014).

To summarize, the pharmaceutical industry is now in a changing process, as it is moving more towards a new understanding of value, and an environment where outcomes need to be proven more efficiently. As Illustration 3 shows, the pharmaceutical industry is a very complex one since it is hard to define one external customer. Instead of one clearly defined external customer, the industry has several stakeholders to address. For services to have an impact and for them to provide real outcomes, you need to work through the different layers of healthcare and engage with multiple stakeholders. The internal collaboration allows and sets the possibilities for the external engagement, therefore it is of importance to emphasize the value generating processes (Grönroos 2008) in a company and to view a company's operations from a balanced centricity (Gummesson 2008) perspective, which promotes the engagement of the internal and the external stakeholders evenly.

3 Leading change

The theoretical framework for this thesis utilizes topics from three theories; Service-Dominant Logic, Organisational Theory and Design Thinking. As this is an interdisciplinary work, the stars in Illustration 5 represent the fact that there are only certain topics within these theories that are in focus for this chapter. These three distinct theories share common terminology on change and this chapter has been constructed according to those common headings to support the research findings.

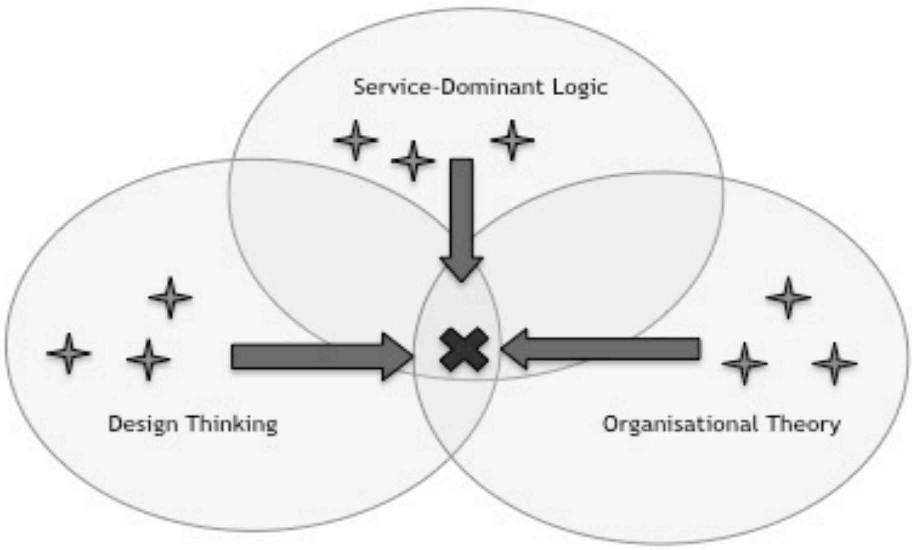

Illustration 5: The theories of interest for this thesis (own drawing)

Although three distinct theories, the chosen theories share common terminology and interest areas – the human to human relationships, human behavior, learning and development. Kelley and Kelley (2013, 18-19) indeed point out that the human or people factor is many times overlooked when the focus is put on business and technology aspects in projects. The sweet spot for innovation is often found in between these three; business, people and technology. The writers mean that people and their change in attitudes can be your driver for growth, and can give a company the richest possibilities in change efforts (Kelley and Kelley 2013, 4, 19). This change in attitudes is something that the authors call *creative confidence*, which is a prerequisite for any company wanting to become more innovative and thereby competitive in the market. Creative confidence, the writers say, consists of fostering Design Thinking in an organization. (Kelley and Kelley 2013.) Design Thinking is in its essence human-centered and builds on co-creation and empathy. Therefore, to be able to better utilize and mobilize the people factor in leading change, a company has a lot to gain from Design Thinking.

Understandably, no company can move from a goods-dominant logic into services without considerations regarding the change needed. Theorists and practitioners agree that change is necessary in the 21st century organization, and the speed of change is only increasing (Burnes 2014). Furthermore, change is vital in staying competitive and productive. However, driving change through successfully seems to be a difficult task for organizations today, especially larger enterprises. Change processes require a substantial investment in both time and money. The smaller startups that are arising in many fields to challenge these larger enterprises make them slow to react and less customer-oriented. Burnes (2014, xiii) points out that several researchers have found substantial evidence that change is very hard to manage in a successful way, and he writes that the overall failure rate is around 70 per cent. Change efforts concerning technology and business re-engineering seem to have a higher success rate compared to cultural and quality change initiatives (Burnes 2014, xiii). This is in line with John P. Kotter's (2012) notion that cultural change comes last in a change process and it is the hardest to influence and affect.

Companies also have different models in creating the change needed. The models vary from the point-of-views of a) change is something that happens in small steps all along i.e. incremental change, b) it is something which has "growth spurs" of radical change in otherwise calm environment i.e. punctuated equilibrium transformation or c) change is something ever present and evolving i.e. continuous transformation model. The models in an organization are selected depending on the level of change needed, and whether the belief of change is believed to reside within the organization, the group or within the individual. Regardless of where the change is believed to be, any organization or group is made up of individuals and it is recognized among scholars that successful change consists of a unique mix of understanding the whole system – not merely parts of it. In essence, change is constructed of behavioral change in people, which requires their consent, co-operation and their engagement. Change that is forced on people seldom has positive or long lasting results. (Burnes 2014, 310-346.)

Therefore, to lead organizational change, one must be able to lead behavioral change within individuals as both Burnes (2014) and Kelley and Kelley (2013) emphasize. This change is built from trust, consent and engagement on an individual level. On a macro-level, an organization must look at systems, processes and incentives that support behavior as well to enable the behavioral change in individuals to take place.

3.1 Change in the healthcare context

Tim Brown (2009) has stated that every design project is in fact a change process, and this is the starting point for considerations in whether a Design Strategy might facilitate the move into services for a company. Indeed, many traditional manufacturing companies such as IBM and Kone have found their own design departments in-house and have drafted their own design principles that are often public (IBM 2017). Large consulting agencies such as McKinsey and Accenture have recently either added Service Designers to their teams or acquired whole Service Design agencies to add to their strategic offering for clients (Reason et al. 2016, vii). Reason et al. (2016, viii) indeed point out that organizations have put large emphasis on product design but services have received less attention, although people are generally more demanding of services. Following in the footsteps of consulting houses acquiring design agencies and large organizations building in-house design departments and thinking, it is safe to say that companies can benefit from a design strategy in times of change.

In the context of healthcare, Peter H. Jones has in his book Design for Care, outlined four distinct design strategies that vary depending on their complexity (Jones 2013, 22-24). The four design strategies are outlined in Figure 3. Jones (2013, 22) writes that a design strategy is important to have as it positions the innovation at hand with organizational pursuits. The design strategy also includes various roles from communications to services, but first and foremost it explains the meaning of change to stakeholders involved (Jones 2013, 22). The design strategies put forward by Jones (2013) become interesting and relevant for this thesis as they are made from a healthcare perspective. Next, these design strategies for healthcare will be examined closer.

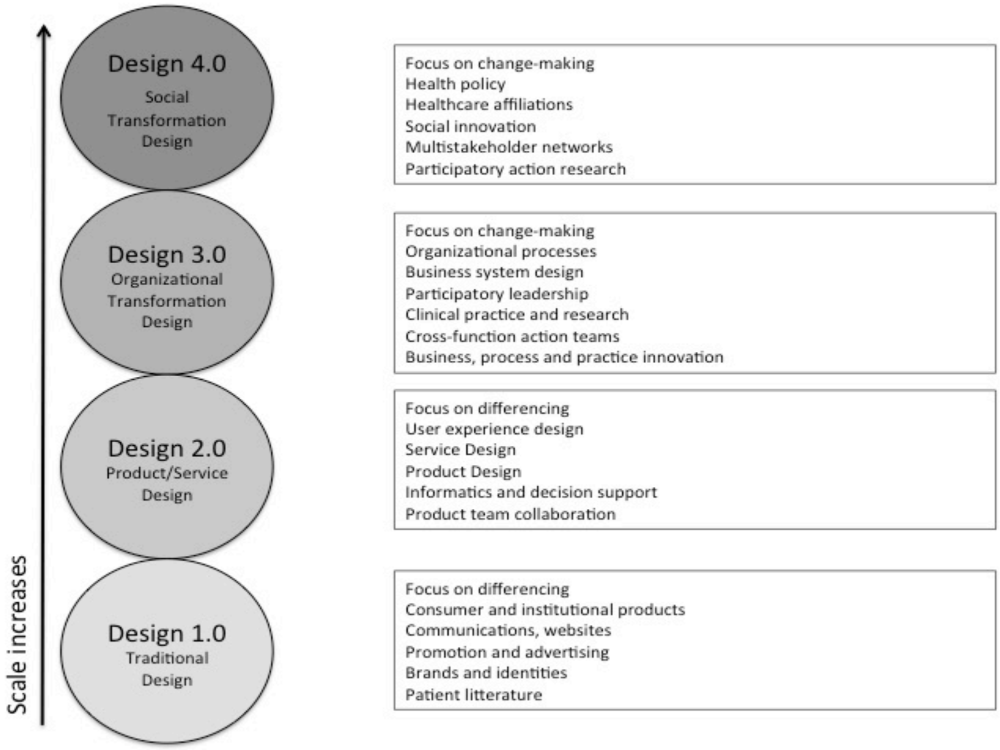

Figure 3: Design strategies according to their complexity (Adapted from Jones 2013, 23-24)

Noteworthy about these design strategies is that the numbering of them is not an evolution of the former paradigm, but the numbering refers to the increasing complexity of the design strategy (Jones 2013, 23). As outlined in Figure 3, the four areas of design vary in outcomes, intention and strategy. In addition, they exhibit different methods, collaboration types, stakeholder involvement and design practices. The first area is concerned with traditional design practice, the second focuses on value creation for stakeholders, the third places transformation of internal structures, processes and practices in the center and the fourth design strategy aims to transform social systems and affect society more widely. (Jones 2013, 23.) This thesis focuses on the Design 3.0. strategy, where transformation efforts focus on processes, systems, cross functional collaboration and on innovation in practices.

Sangiorgi (2010) emphasizes the role of transformation design when creating transformative services, especially for the public sector. In her article, she notes that the role of transformation design is to not only provide a new solution in the end of the design process, but to provide tools, new skills and capacities for continuous change. Transformation design puts emphasis on empowerment, participation and engagement. This change happens in organizations and communities, and when healthcare is concerned, the outcomes are ideally co-created with empowered citizens and employees. (Sangiorgi 2010, 29-33.)

3.2 Service-Dominant Logic – understanding the need for change in the case organization

As mentioned previously, pharma is a traditional manufacturing industry that has evolved to understand that it needs to focus on delivering improved health outcomes, not just innovative medicine. The Eyeforpharma report (2015) indeed states that the question of services in pharma has evolved from *what* to *how*. This means that it is commonly recognized that pharma needs to be in this sphere, but it is still not commonly recognized what the appropriate business model for services is (Eyeforpharma 2015). There have been generally three different business models in pharma around services, where one of them has been to ground a specific subsidiary for services that is taken apart from the manufacturing of drugs (Eyeforpharma 2015). This is an understandable move, as services require a different organizational setup and ways of conducting business. As the healthcare objectives vary in healthcare, and traditional pharma companies have the objective of selling medicine at a premium price (Järkkä 2015), it is also a question of trust to place the service creation in a business that is not linked to this objective. In the chosen case company, the services and solutions creation process lies within a team in the organization. That is why it is noteworthy to look at the differences between a goods-dominant logic and a service-dominant logic, as it outlines the need for change and the challenges of achieving this within the same manufacturing organization.

The service-dominant (S-D) logic was proposed by Vargo and Lusch in 2004 as a way of looking at products or other tangible artifacts for the service they render (Wilson et al. 2016, 7). This proposal means that essentially goods and services alike provide a service to the user, which means that every business is valued for the service they provide. Grönroos (2008) is one of the pioneers in what he calls Service Logic, and he has coined the thinking that every interaction is service from one person to another. Before investigating further what a service-dominant logic means for a manufacturing company, it is worthwhile looking at a conceptual framework (Table 2) highlighting the differences between a goods-dominant logic, a transition phase from goods to services and the service-dominant logic as outlined by Vargo and Lusch (2006, 286).

Goods-dominant logic concepts	Transitional concepts	Service-dominant logic concepts
Goods	Services	Service
Products	Offerings	Experiences
Feature/attribute	Benefit	Solution
Value-added	Coproduction	Cocreation of value
Profit maximization	Financial engineering	Financial feedback/learning
Price	Value delivery	Value proposition
Equilibrium systems	Dynamic systems	Complex adaptive systems
Supply chain	Value chain	Value-creation network
Promotion	Integrated marketing communications	Dialogue
To market	Market to…	Market with…
Product orientation	Market orientation	Service orientation

Table 2: Conceptual transitions (Vargo&Lusch 2006, 286)

As highlighted in Table 2, the business logics have a different vocabulary and thereby also meaning for a company's operations and setup. Reason et al. (2016, 15) point out that we lack a formal language for services. This means, that we use the same industrial language to explain services. The table above shows clearly how this can become problematic in a company striving for services as the concepts differ profoundly. One of the central elements creating the variance in concepts is the outlook on value creation, and thereby the interactions a company has with its network of stakeholders. Indeed, in the vocabulary of pharmaceutical companies there is the notion of "value-added services" that is tied to a goods-dominant logic view of value that can be added to a customer.

This logic essentially means a different outlook on value, which is *value-in-use* versus *value-in-exchange* (Grönroos 2008). Value-in-use means that a company can offer value propositions and can engage in relationships with users to facilitate their value creating processes but a company cannot determine value in advance as it is in the end determined by the user at the time of the consumption. Value indeed becomes an important and central element as it lays the foundation and thereby defines the business logic for how a company wishes to do business and engage in relationships with key stakeholders. Grönroos (2008) states that the location of value is important as it affects a company's value generating processes, i.e. the backstage operations. These backstage processes are of importance for this thesis as the value creation process is different in services compared to products. The case company's project team currently operates in an environment that is based on a goods-dominant logic with the backstage processes to support this way of conducting business. The adoption of services into this organizational setup brings forth the challenges to change.

Christian Kowalkowski (2011) has looked at what a service-dominant logic means specifically for a manufacturing company, such as the case company in questions. Kowalkowski (2011) describes how the value-in-use is what becomes of interest for a service-dominant logic perspective as value is co-created by the producer and the customer, and is essentially defined by the customer during the use of the service. Gummesson (2007) states that a service provider can make propositions of value, but the true value is defined by the customer when using the service. This question of value is different in a goods-dominant logic, where value is seen to be transferred in the encounters as value-in-exchange (Grönroos 2008; Gummesson 2007; Kowalkowski 2011). Although a central element, value is only one of the differences in a service-dominant and a goods-dominant logic.

A service-dominant logic has profound impact on a company’s processes, people, relationships and systems. Having a goods-dominant logic exist simultaneously with a transition towards services, is what Kowalkowski (2011) refers to as product-service transition. The writer means that this transition and infusion of services in a manufacturing company, can aid a company towards their goal of transferring to a service-dominant logic, as a shift of business logic might be too radical to achieve at once. (Kowalkowski 2011, 286-291.) Indeed, the Eyeforpharma report (2015) states that there is a current trend in pharma of *productification* of services, i.e. services are created in the same manner as products.

In conclusion, what is a significant difference in the two business logics, is the view on the customer and its role in value creation. Understanding value and the co-creation of value in service-dominant logic is essential if the goal for the case company is to be a provider of health outcomes. Having the customer in focus provides powerful tools for leading change internally in an organization, since as Reason et al. (2016, x) point out, that what unites a company’s departments and silos is the customer. The writers state that Service Design is an approach, a perspective and a methodology to bring the customer in focus. At the same time, it is transformational as it includes engaging and empowering tools and perspectives and facilitates change processes within an organization. (Reason et al. 2016.) Indeed, as stated many times in this thesis, Service Design projects are simultaneously change drivers (Brown 2009), and a Design Thinking as a concept is a powerful tool for organizations to consider in embracing change.

3.3 Design Thinking – engaging your stakeholders

Design thinking has its roots in product design, but the role of design today is not in the product design role but in the foundations of thought behind design. These principles can help anyone bringing new ideas forward. (Kolko 2015.) Brown and Martin (2015) elaborate (on that thought) by stating that design can be used to solve difficult and re-occurring challenges. These difficult challenges can lay in complex and intangible aspects e.g. customer experiences of a service (Kolko 2015).

Kelley and Kelley (2013) divided innovation into technology, business and people aspects. Similarly, Brown (2008) states that the design thinking approach can help in clarifying the needs of customers and combine that with what is technologically possible and what makes good business sense. Tschimmel (2012, 1) also takes this same integrative viewpoint and states that: "…Design Thinking is understood as a way of thinking which leads to transformation, evolution and innovation, to new forms of living and to new ways of managing business."

Indeed, Design Thinking has a lot to offer a company willing to incorporate more customer-oriented practices while simultaneously addressing employee engagement and change. Tim Brown (2009, 220) states that Design Thinking focuses on interaction and the experience of a service, where the aim is to get as close to the customer as possible. In order to get close to a customer, there is a need to work on certain crucial skills such as building empathy for the customer.

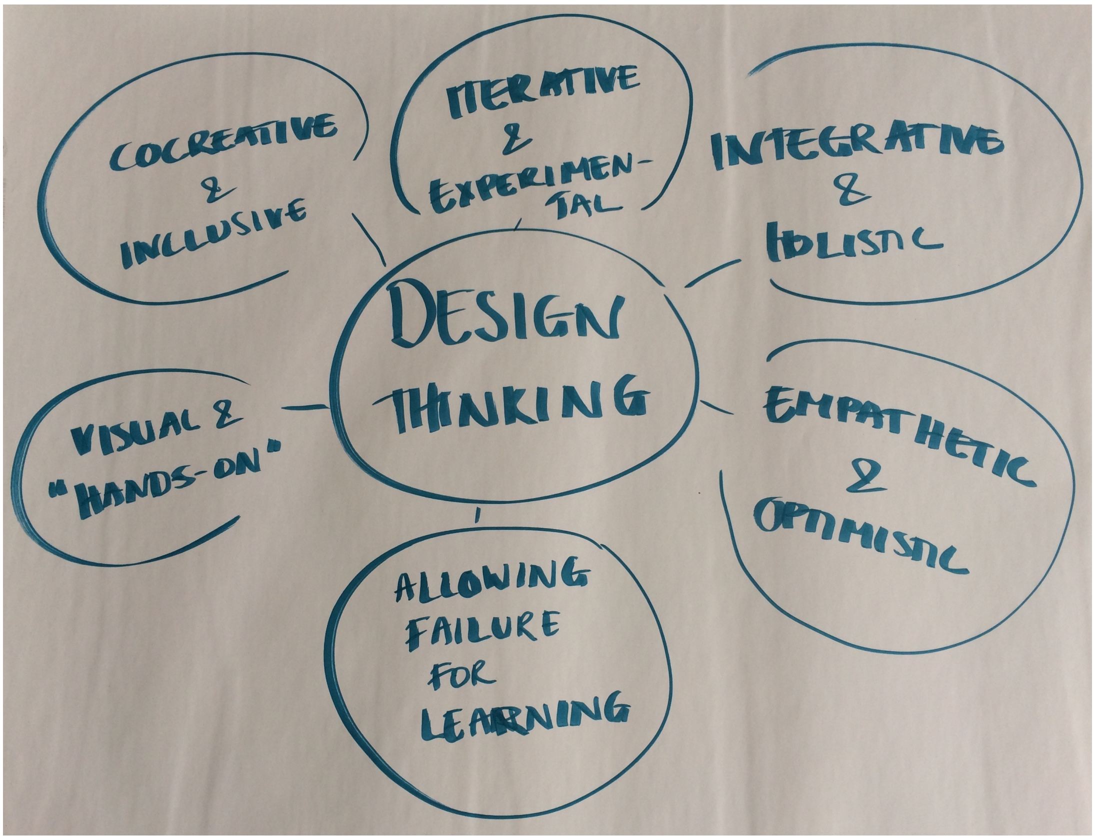

Illustration 6: The characteristics of Design Thinking summarized (own drawing)

Using Design Thinking in customer efforts does not only promote work among customers, it also builds a thriving internal culture where understanding colleagues is as important as understanding customers. (Brown 2009.) Kolko (2015) explains how Design Thinking, previously used in product design, has started to affect corporate culture. The author outlines how the principles of Design Thinking have in fact become a good tool for creating interactions and developing an adaptable and adjustable company culture. The principles are failure-tolerance, prototyping and building empathy for users. (Kolko 2015.) Brown (2008) summarizes Design Thinking to include collaboration, and an experimental approach to challenges combined with integrative thinking together with empathy and optimism. Similarly, Brown and Martin (2015) point out that the role of Design Thinking today is to help organizations and stakeholders to function better. Illustration 6 summarizes Design Thinking characteristics as integrative, empathic, iterative, co-creative, visual and allowing of failure.

Tim Brown (2009, 7-8) explains in his book *Change by Design* how Design Doing has evolved into Design Thinking. He goes on to summarize that design methods are far too important to be left only to designers to utilize, since in this new knowledge economy, we are dependent on new ways of interacting and creating new processes for value co-creation. Brown 2009.) Reason et al. (2016, 7) also point out that the design process brings forth a new, creative and powerful way of finding solutions. It is simply not a matter of designing a new product, we are very much in an era where we are shifting towards service delivery, innovation and knowledge management. (Brown 2009, 7-8.) This means, that we are no longer competing for the best product, but we are competing in a market where interaction and experience with innovative co-creation matters more than ever before.

The employees of a company can become its competitive advantage in a market where differentiation is becoming harder and harder. A service focus indeed sets another focus on interaction and relationship-building (Grönroos 2008) efforts. Kelley and Kelley (2013) promote the building of so called *Creative Confidence* as a driver for innovation and renewal in a company. In the heart of their idea is that any employee or person can build their creative confidence by using Design Thinking methods to lead change and innovation in a better way. It is a matter of adopting a mindset and using certain tools to incorporate novel ways of looking at resources (Kelley and Kelley 2013). As Brown (2009) also outlined, Kelley and Kelley (2013) believe that in the heart of this approach is empathy.

3.3.1 Building empathy and fostering a thriving internal culture

Empathy is a central element in Design Thinking, as the whole approach builds on human-centered design. Empathy is defined by Kelley and Kelley (2013, 90) as an ability to set aside your preconceived ideas of what is true to understand what really is true. In design practice this means a deep understanding of human needs, which can be experienced through observing behavior and trying to understand it. In looking at people from an empathy perspective the aim is to understand their behavior and deeper needs today to be able to design services that match their needs in the future. (Kelley and Kelley 2013, 20-21.)

Kolko (2015) describes a design-centric organization as one that empowers its employees to draw conclusions of their observed behavior among customers. Using empathy and emotional language is not bypassed as silly, but seen as importantly linked to customer experience. Understanding customers and their needs, is not a focus of marketing or strategic functions only, but essentially is linked to company DNA – making everyone's observations important. With a company culture that is linked to customer experience, the focus of action is on customer needs instead of internal operations. (Kolko 2015.)

Innovation should happen as close to the customer as possible (Brown 2009, 230). This is where the learning happens and empathy is used in order to understand the customer's needs. Brown (2009, 230) states that no amount of market data can serve as a substitute for getting as close to the intended customer as possible. Kelley and Kelley (2013) also emphasize the value of using empathy to enhance learning and innovation. The use of empathy, the authors state, clears way for assumptions and a certain company blindness to the outer environment. Furthermore, empathy is a crucial ingredient when designing for value and outcomes as the latent needs of the stakeholders need to be understood. (Kelley and Kelley 2013, 85.)

3.3.2 Visual, prototyping and hands-on learning

Design Thinking is all about visualizing your thoughts. When someone visualizes his or her thoughts, they become more easily shared with others. Visualizing also helps to create a common understanding of matters when you are trying to analyze your findings or a project. Visualization is a good tool to use especially in services, since services are usually intangible and visualizations tend to make the services and experiences created more tangible. Furthermore, visualizations, hands-on prototyping and blueprinting make services more tangible and this also facilitates the understanding of everyone's role in the service delivery. Kolko (2015) describes how designers use so called design artifacts for various tasks such as communication, exploration and definition. Visual thinking, therefore, is an end-result, a method and a process in Design Thinking.

Visual thinking promotes team-work, and can therefore have a positive effect on the internal service culture. Tim Brown (2009, 81) writes about how already Leonardo da Vinci used his great drawing skills to work on the ideas of others. You need not be a great designer or artist to be able to use this method. However, this method is a good tool for building common understanding and a feeling of collective ownership of ideas in working teams. Brown (2009,

232) promotes the sharing of inspiration in groups, since people meeting face-to-face helps to establish relationships and this should be seen as one of the organization’s most precious resources.

Kolko (2015) explains that design-centered organizations often have visualizations and prototypes visible for all staff. The author states that this communicates an open and inclusive culture that embraces exploration (Kolko 2015). In addition, Brown (2009, 35) states that the mere visibility of project-related material also helps to discover underlying patterns and encourages creative work better than files that are locked away in a file or in a notebook. Indeed, Reason et al. (2016, 9) state that visualizations are what take companies from insights to actual results from those insights. The authors state that visualizations are particularly important in understanding complex systems and processes as visuals help people understand the shared goals, challenges and relationships. (Reason et al. 2016, 9-10.)

Furthermore, when people are working with visualizing or prototyping their ideas, they are better utilizing their full capacity since thinking only involves some parts of the brain, while sketching or working with your hands further develops a holistic use of one’s potential. Cross (in Tschimmel 2012) points out that the interaction of something concrete extends thinking of future possibilities i.e. a similar broader viewpoint is not possible to achieve only in the mental processing of a person.

3.3.3 Co-creation with stakeholders

Design Thinking builds on an integrative and holistic view of services (Brown 2009). Since a Service Designer needs to be able to combine business understanding with technology and the needs of the customer, it is in its very nature integrative (Brown 2009, 85, 229). It is also about building empathy for the user, to be able to understand his or her needs. It is furthermore welcoming diversity, since an integrative approach means that a team has a lot to learn from professionals in different fields and from various stakeholders. To be able to co-create with various stakeholders, a company needs to have a service culture where personnel grow empathy for the customer/user – be they external or internal customers.

Co-creation is a word used often in Design Thinking, and in essence it is “an approach to actively involve customers and staff in the creative aspects of developing services” (Reason et al. 2016, 11). A company needs to set the foundation for how the company co-creates with customers since co-creation can become a competitive advantage for the company, and the co-creation of value (Grönroos 2008) is seen as essential in services. Burnes (2014, 286) states that no company has the exact same compilation of resources and this very fact can become your competitive advantage if you align your processes accordingly. Karpen et al. (2012) further promote the same idea that facilitation and enhancement of value co-creation are in fact strategic capabilities to an organizations competitive advantage.

There is currently a shift happening in the understanding of the fact that Design Thinking is designing with users, instead of for users (Tschimmel 2012). The playful aspects of visualizations and making of prototypes helps the designers' concentration (Tschimmel 2012), and engages the co-creators.

3.3.4 Experimentation and innovation

As mentioned earlier, innovation is important for a company's survival in the new knowledge economy. A company needs to show its employees a culture of experimenting, where failing and succeeding are both valued, to enable innovation and enhance organizational learning. Brown (2008) states that management of today looks for ways to differentiate, and innovation is one area to raise your competitive advantage. Design Thinking can be beneficial in all parts of the innovation process (Brown 2008). Tschimmel (2012) expresses that Design Thinking indeed gives managers an opportunity to use the tools for complex problem-solving with business, services and process. Her thinking expresses that Design Thinking is not only a mindset but an effective toolkit to utilize to enhance the creative problem-solving in any business (Tschimmel 2012).

Brown (2009, 17) describes an experimental approach as sharing of processes, creating a shared ownership of ideas and making sure that teams can learn from each other. Kolko (2015) sees tolerating failure as having its foundation in a nurturing culture, where there is understanding of the design process' iterative nature i.e. past failure provides us with important novel learnings on the journey towards the right solution.

Brown (2009, 175) mentions that in some cases it might be wise for a company to set up new ways of working together in order for younger employees to see innovation as something rewarded instead of a risk-taking. Creating a culture of innovation is where a company needs to start, since as Brown states (2009, 171) it is not enough to expect one single design-minded person to change the atmosphere. Kelley and Kelley (2013) also emphasize the building of creative confidence through Design Thinking in order for a company to become more innovative and embracing of risks. Brown (2009) mentions that innovation and experimenting should be used throughout the company, not just the marketing or management teams. Kolko (2015) mentions how there is a transition happening in large organizations where design is moving closer in to the center. He states that design needs to be a core competence, not something that is viewed upon as something additional (Kolko 2015). Brown summarizes (2009, 73) that the best ideas come up when the whole company is involved and participating in ideation.

Design Thinkers build on optimism (Brown 2009, 76), opening up options instead of narrowing them and using different kinds of thinking in various parts of the design process (Brown 2009, 229). Employees need to feel that they are empowered to come up with new ideas. Both convergent and divergent thinking is used, but in the innovation phase it is very important to allow divergent thinking to open up possibilities. Convergent thinking is used to narrow down the options to viable plans. (Brown 2009.) Tschimmel (2012) also points out that designers need to feel comfortable with not knowing, i.e. the ambiguity and uncertainty.

The culture a company has is of utmost importance in allowing different ways of thinking, since as Brown writes (2009, 136) ideas tend to die more often within an organization rather than out in the market. He states that the companies that can go from a culture of hierarchy towards a culture of risk-taking and exploration, will in the end become more engaged, motivated and productive. This in turn, will lead to more satisfied employees. (Brown 2009, 36.) Indeed, it is of importance to create a culture where innovation and risk-taking is recognized and rewarded.

Table 3 summarizes differences from a traditional thinking Manager from one that uses Design Thinking as an approach (Tschimmel 2012). The differences in thinking lies essentially in making thoughts easily shared and accessible for others, using different kinds of thinking in various situations, tolerating failure for the benefit of learning and the “not knowing” in the process, in the collaboration and empathic approach to collaborators.

Characteristics of a Design Thinking Manager	Characteristics of the traditional thinking manager
Mainly visual, use of sketching and prototyping tools	Mainly verbal, use of diagrams and tables
Intensive observation and wondering, challenging stereotypical perception	Immediate perception and quick interpretation of a situation
Emotional and rational at the same time, subjective	Mainly rational and objective
Abductive and inventive	Analytical, deductive and inductive
Failure is a part of the process	Looking for “correct” answers
Comfortable with ambiguity and uncertainty	Lead by organizing and planning
Empathic and human-driven, deep understanding of peoples’ needs and dreams	Customer-driven, deep understanding about what clients would like to have for their social status
Principally collaborative	Principally individual

Table 3: Differences between a Design Thinking and a traditional thinking Manager (Adapted from Tschimmel 2012)

Summarized, Design Thinking promotes wellbeing and a positive atmosphere towards exploration, new ideas and ways of thinking. Design Thinking sets the foundation for equal treatment and respect of ideas in teams and it empowers staff to be involved in a new way. Furthermore, Design Thinking makes matters more visual and therefore more easily shared by all. Design Thinking embraces the fact, that a team is more than a sum of its parts, as Brown (2009, 23) mentions.

3.4 Organizational Theory – vision, empowerment and influence

Kotter (2012) writes extensively about change as a key component in the 21st century organization. Organizations need to become agile and adaptive in a more competitive market, where more customer-oriented and faster companies are coming in to challenge older companies. The need for change is evident in many companies, but the mechanism for driving change successfully is still not understood by many managers and leaders. That is why many change efforts are easily located to project organizations, which help, but lack the sufficient power to drive extensive change efforts. (Kotter 2012, ix.)

Major change takes time. Kotter (2012, 13) mentions that it can take three to ten years before the changes affect the company culture. Therefore, it is important for an organization in need to change efforts to firstly assess the magnitude of change needed and select the model that is appropriate to that situation (Burnes 2014). Successful change should in the end lead to behavioral change, which is linked to company culture (Kotter 2012). A company must first and foremost assess the need of change and select an appropriate change model to address that need. Major change takes time, so when embarking on a transformation process, it is important to have enough resources behind the effort.

1. Establishing a sense of urgency Examining the industry and competition, identifying crises or opportunities
2. Creating the guiding coalition Building a powerful enough group to lead change, getting the team aligned and working together well
3. Developing a vision and strategy Create a strong vision to guide change actions, and a strategy to achieve it
4. Communicating the change vision Communicate through all channels about the new vision, and have the guiding coalition team members exhibit the kind of behaviour that is needed to fulfill the new vision
5. Empowering broad-based action Remove obstacles for action, change systems and structures that don't support the new vision, encourage risk-taking and novel ideas/approaches
6. Generating short-term wins Planning and creating visible wins for actions taken, and visibly rewarding the people behind those wins
7. Consolidating gains and producing more change Using the enhanced credibility to remove more barriers for change, hire/promote/reward people implementing the change vision, bring on new projects/themes/people
8. Anchoring new approaches in the culture Creating better management and leadership, better performance through customer-oriented behaviour, voicing the connections between new behavior and organizational success and focusing on leadership development

Illustration 7: The eight-stage process of creating major change (Adapted from Kotter 2012, 23)

John P. Kotter's eight step model for change (Illustration 7) and Kurt Lewin's three-step model of change (Illustration 8) are among the most well-known models for change. Kotter's model for change becomes of particular interest for this thesis.

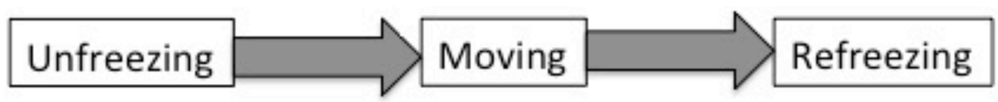

Illustration 8: Lewin's Three-Step model of change (Adapted from Burnes 2014, 342)

Both models stress the importance of creating a readiness for change before any change effort is taken. Lewin (in Burnes 2014) writes of the first steps as "unfreezing" an organization of its present state, whereas Kotter (2012) writes about breaking down compliance and raising the urgency level. Kotter (2012, 24) writes that the first four stages in his model address the current situation in the company, and the stages from five to seven point to novel ways of operating. Similarly, Lewin's Unfreezing concerns the current situation, while the "Moving" phase is characterized by novel ways of operating. By the first steps in both of these processes, leadership creates readiness for change among individuals. Readiness that is needed to create lasting change which eventually should be anchored in company culture. Readiness for change is communicated by a sensible vision. (Burnes 2014.)

3.4.1 Vision – communicating the need to change

Kotter (2012) writes about his eight-step process for change that the first step is of utmost importance in getting people to co-operate with you in your change effort. Change is no one-man show, and to produce change in a company of 100 employees over 20 employees are needed to go beyond their ordinary tasks. That means, that to produce change one must be able to convince these people of why their input and time is needed. The writer states that without a sense of urgency, it is not only difficult to raise a team with collaborators but also hard to raise a team with enough power within an organization. This power is needed in providing the needed credibility internally in the subsequent vision creating process and communication of that set vision. (Kotter 2012, 37-38.) Burnes (2014) also states that for change to start, there has to be a felt-need among staff that the change is needed.

Therefore, the role of the change leader is to raise the urgency level in an organization. There are a number of reasons why people become complacent and the urgency level is lowered. One crucial element in trying to keep the urgency level up in an organization is as Kotter (2012, 43) mentions having customer/supplier or stockholder contact. Many organizations have managers and other supporting staff that never hear a customer complaint or receive any kind of external feedback. To sum it up, receiving real customer or stakeholder feedback keeps an organization on its toes when external challenges or threats occur. The rigidity in a complacent organization doesn't facilitate learning, which is a crucial element for any 21st century organization or individual (Kotter 2012, 50).

Companies can also shy away from the honest conversations that must take place internally when external feedback is received. This happens when senior leadership use too much positive messaging, i.e. "happy talk". Kotter (2012, 44) states that this kind of happy talk is usually a legacy of past success and creates an arrogant culture on a company level. In raising the urgency level, powerful leadership is needed. In other words, the kind of leadership that allows courageous and risky actions, and promotes honest discussion and challenges ideas. (Kotter 2012, 45-46.)

Another issue can be that internal endorsements focus on the wrong matters. If people are not rewarded for their actions towards the needed change, they are unlikely to change their own behavior. As Burnes (2014, 307) writes, behavior that is rewarded tends to be strengthened. To alter behavior, one must tackle the events that lead to that behavior (Burnes 2014, 307).

The third step in Kotter's change process is developing a vision for the change, and strategies to achieve that vision. A vision is generally important since it gives a sense of direction, it coordinates needed action and motivates people to take sometimes painful steps. A clear vision eliminates excess work and coordinates actions as all actions should be in line with supporting the vision. Furthermore, visions should be relevant to all of the stakeholders for a company, be they customers, stakeholders or employees. To be relevant, a vision needs to be rooted in reality for a product or a service and it needs to include realistic goals to be feasible to achieve. Vision is an important tool, as it allows the change leader to penetrate the forces that are upholding the current situation in a company. (Kotter 2012, 69-75.)

As Illustration 9 shows, it is a task for the change leader to create and lead the vision and strategy work and managers are then responsible for the detailed plans and budgets (Kotter 2012, 73). Therefore, it is important to have a varied change team composition with different skills among participants.

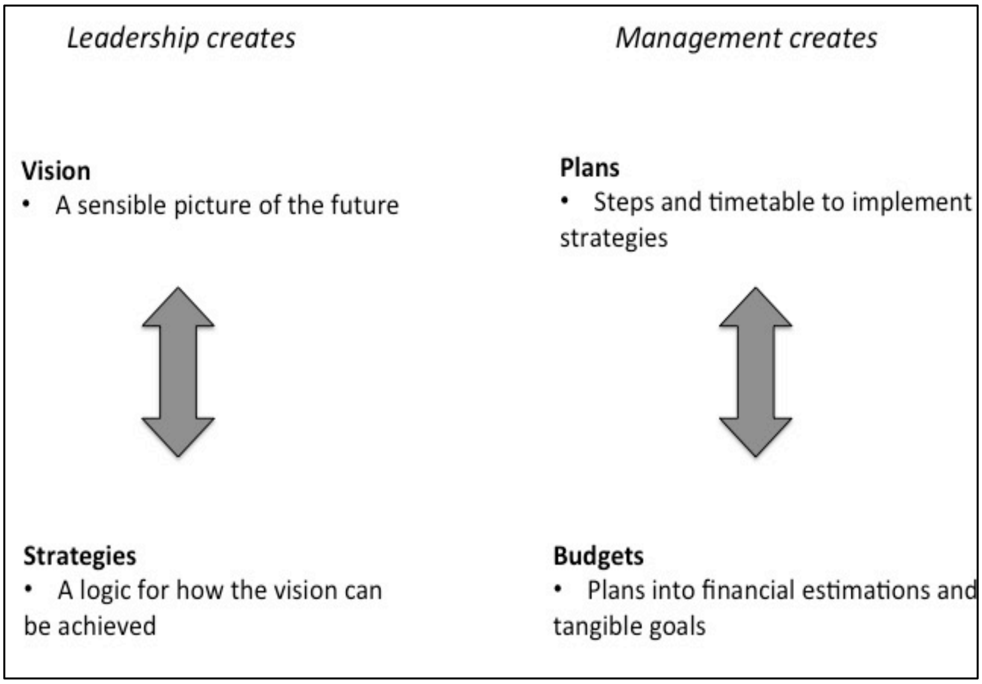

Illustration 9: The relationship of vision, strategies, plans and budgets (Kotter 2012, 73)

The varied change team enriches the vision creation process, as this exercise is often one for both the intellect and the emotional side of employees. Since this exercise is quite demanding on the change team, teams tend to try to skip some steps in this part. However, it is worthwhile spending time in the vision creation process, since this time invested in this process helps the next step in the process, namely the communication of the vision. (Kotter 2012, 84-85.)

The fourth step derives naturally from the vision creation, as when this task is done, it is time to communicate the vision to a larger audience. The communication of the vision is essentially crucial in building a common understanding for a company's goal and helps to engage people in action. The previous steps are needed to take in this order, since if the urgency rate is not high enough then no one will be interested to hear about the change vision, and if the change team is not appropriate they will have a hard time with both vision creation and communication, and in the end if the vision is simply poorly formed it will not get buy-in from employees and other stakeholders. Time spent in the vision creation process will pay off in this communication step as many of the concerns, questions and thoughts employees might have would have ideally already been raised in the vision creation process with the change team. (Kotter 2012, 87-90.)

Kotter mentions, that the top management needs to quit the happy talk to raise the urgency level in an organization. Similarly, in this step all company jargon must be eliminated, messaging must be very simple and clear and the use of metaphors is recommended to build a shared understanding for the vision. Many channels should be used in the communication of the vision, and the vision should be present in daily tasks for employees, which means that managers must lead with their own example. Most importantly, employees must be given the opportunity to have two-way discussions and to ”wrestle with” the topic. Unless people get a chance to ask questions and challenge the ideas behind a vision, much like the change team has been able to during the vision creation process, the change leader will never get buy-in from people. Kotter (2012, 103) describes that it is impossible to move on to the next two steps in the process unless you have this buy-in from employees. Those two steps are what drive people to act, namely empowering employees and creating short-term wins. (Kotter 2012, 92-103.)

3.4.2 Empowering people to lead change

A powerful change vision is what empowers people to take action on the needed change. Kotter (2012, 105) mentions that the term empowerment has suffered from over-use, but the idea of making employees more powerful is certainly relevant. To become powerful in driving change actions, the change team must remove barriers that exist in the organization. In his research, he has identified four strong barriers for empowerment in organizations; skills, structures, systems and supervisors. (Kotter 2012, 105-107.) These are featured in Illustration 10.

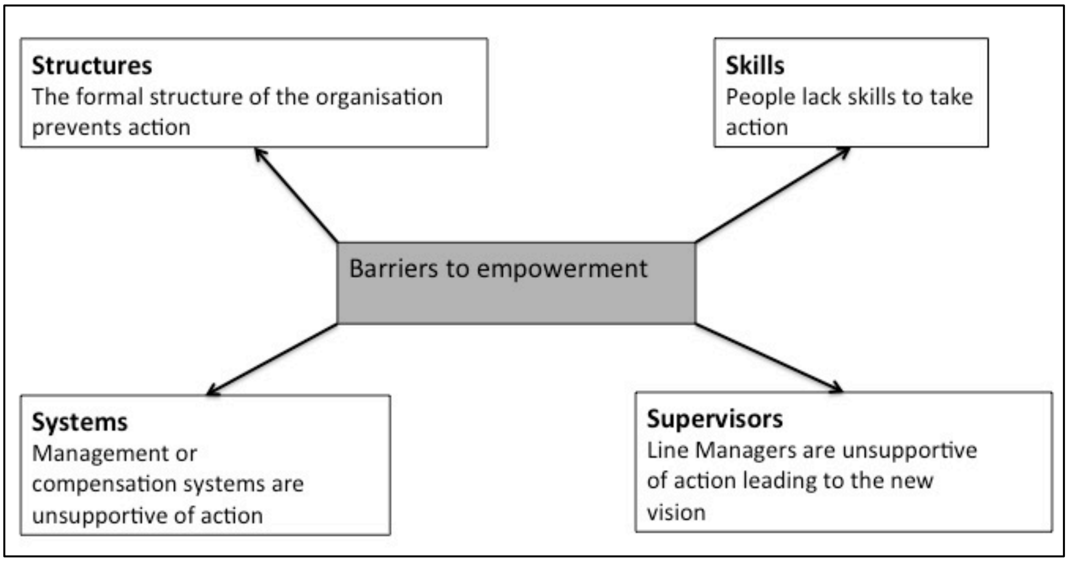

Illustration 10: Barriers to empowerment (Adapted from Kotter 2012, 106).

Reason et al. (2016, 131) have similarly divided critical success factors for achieving a vision into systems, processes, policies, practices and people. The authors mention that for any new change vision to have an effect, it needs to move people. A new approach will most certainly require collaboration and co-creation across organizational silos and people will need to learn new matters and behaviors. (Reason et al. 2016, 127.) Kotter (2012, 112) explains how it is a very common mistake for companies to provide the needed technical training, but what is often lacking is the social aspect of training. Companies expect people to change behavior and attitudes that might have existed for years, and in a short time-frame. We simply under-estimate the social part of change, and we do not give employees the needed follow-up in their daily tasks either. He summarizes why we often fail in this part; we do not think careful-ly enough about what kind of behavioral change is needed or then we are horrified over how much time it takes to affect people. (Kotter 2012, 112.) Kelley and Kelley (2013) also point out that the people aspect in change efforts is often not utilized to its full potential. Boudrias et al. (2009) study has looked at the various empowerment that is needed on an individual level, and the researchers also found that empowerment of individuals happens on a behav-ioral, psychological and supervisory level, which means that behavioral change is complex and needs attention as psychologically empowered individuals tend to initiate positive changes to their work environment and be more innovative.

Most larger enterprises work in departments and have structures in place that have a long history. People tend to be loyal towards their own departments and structures, and therefore employees can be distrusting and resisting change that seems to affect their department.

Burnes (2014) also emphasizes that it is natural for employees to have objectives that might differ from the organization's set change vision. Kotter (2012, 110) mentions that in particular the middle managers can easily resist needed structural change if the previous steps in the change process have not been carried out properly; the urgency level for change has not been raised, the effort is not led by credible leaders, the vision is blurry and poorly communicated. If the structure is unsupportive of the change vision, it becomes disempowering for staff to take action. (Kotter 2012, 110.)

Compared to e.g. cultural matters, it is fairly simple to affect and alter company systems. However, no change team should strive to alter all systems that do not support the new vision, as this task would be too time-consuming. As was mentioned earlier in this work, people tend to repeat behavior that is rewarded and therefore it becomes important to have a look at the company compensation systems and other management systems that might affect behavior or disempower employees. (Kotter 2012, 114-115.) Battila et al. (2010) have based their study on Kurt Lewin's planned change model, and they promote the use of a task-oriented leader for mobilizing the re-design of an organization's processes and systems. Task-oriented leaders are skilled at re-designing processes and systems which support people in working in new ways and help the building of change teams (Battila et al. 2010).

Dealing with unsupportive supervisors should be dealt with early in the change process, and Kotter (2012, 118) points out that the tool to use is honest and open dialogue to identify the potential problem behind the resistance. Sometimes it might become necessary to remove a certain resisting supervisor from their role and in that case it is also better to notice this early on in the process. (Kotter 2012, 118.) Indeed, the role of the middle managers in bringing about change is crucial as Burnes (2014, 371) states because they are often in a good position to know their organization, the people working in it and the priorities of the company. Furthermore, Middle Management is important in exhibiting the kind of behavior change that is needed from other staff.

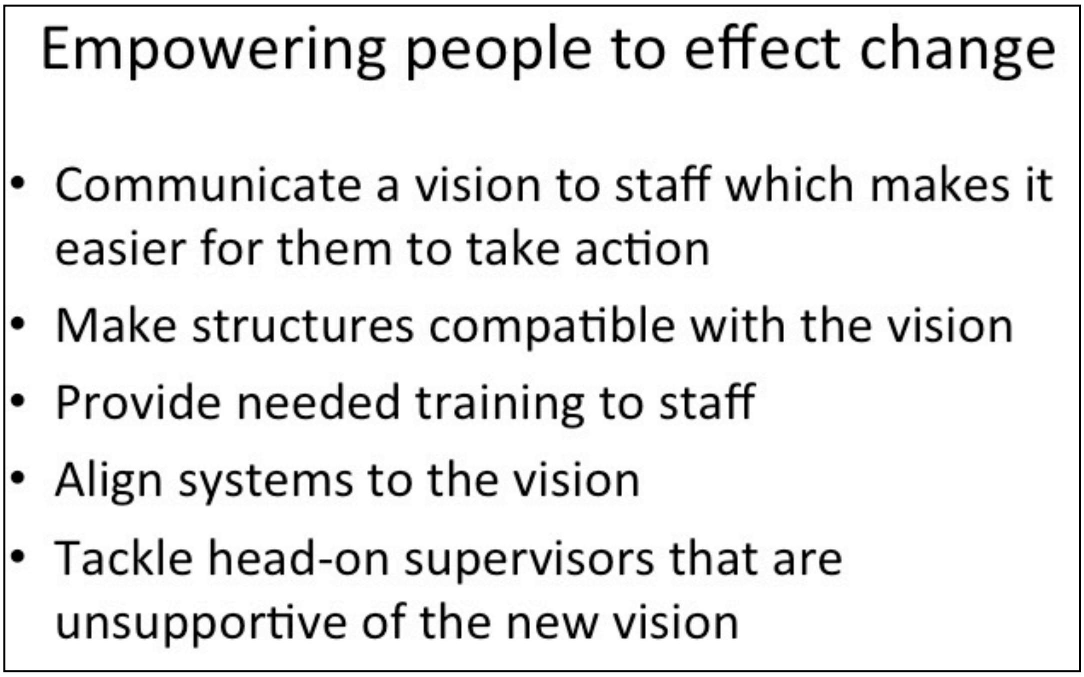

Illustration 11: Empowering people to effect change (Adapted from Kotter 2012, 119)

As a summary, Kotter's recommendations for people empowerment are found in Illustration 11.

3.4.3 Influence – the part of the change agent

The second step in Kotter's change process is building the team around the change effort. The right amount of people to include varies depending on the size of the organization, but change does usually start with a few individuals and tends to grow from there to even 50 people that might be needed in larger companies. The larger public often sees change as something that is tied to one visible leader or person. (Kotter 2012, 53-61.) Similarly, Battila et al. (2010) mention that the link between organizational change and charismatic leadership has been explored in research over the past 20 years. It has been proven that the change agents behavior and skill set are of utmost importance in the success of change initiatives (Battila et al. 2010). However, if you look at all the steps needed to take in Kotter's (2012) process, you understand that no one person can be responsible for all of it, and once the strategy has been set the far more challenging aspect is how to implement the change (Battila et al. 2010).

Kotter (2012, 54) mentions that a powerful team, with trust for one another and a shared goal, is always needed for a successful change effort. Reason et al. (2016) state that e.g. an increased customer experience can become an important shared goal across departments, and a tool to engage people from various functions since what unites all departments is many times the customer. With a team of skilled professionals, the information processing abilities become faster and more grounded and the implementation of new approaches is easier

(Kotter 2012, 58). Reason et al. (2016) share the idea that a cross-functional team with a shared goal builds the organizations strength in change initiatives. These teams should ideally include people from management, operations, customer service or other frontline people as well as people with a strategic focus (Reason et al. 2016).

Kotter has found four key pillars to finding these skilled professionals to join the team; position power, expertise, credibility and leadership. Most of these traits are quite self-explanatory, but position power refers to the person's official title in the company – it is crucial to have high enough leaders on board for the change process not to be blocked. The leadership trait refers to having as many leaders with a proven track record from successful change projects. The author points out that both leaders and managers are needed as a part of the team as leaders lead the change and managers make sure that processes are put in place and carried out. (Kotter 2012, 59-60.)

When wanting to influence the behavior of people, both leadership and management is needed and the concepts of Leadership and Management are crucial to address when writing about change processes. It is important to understand the difference between the two and how these different skills are needed in change processes in the 21st century organization. In the case company, being able to lead the change without formal authority is an important part of the skill-set of the team. Kotter (2012, xii) brings out the importance of leadership in driving change throughout his work, and refers to leadership as the very core force that drives the change. However, he also mentions that most people today view change as something to manage even though 70-90 % of a change effort is leadership tasks (Kotter 2012, 28).

Management focuses much of its efforts on managing the current systems, processes and people while leadership is focused on providing new systems and re-inventing old systems (Kotter 2012, preface). Kotter (2012, 156) explains vision and culture to be areas for leadership, while structure and systems belong to the management. The time-frame for leadership and management is different, as managerial tasks are more related to an immediate future and the existing structures (Kotter 2012, 89). A summary of the traits can be found in Illustration 12. Regardless of managerial or leadership role, the leading by example is important as Kotter (2012, 98) points out. One cannot expect behavior to change unless people are shown this in action.

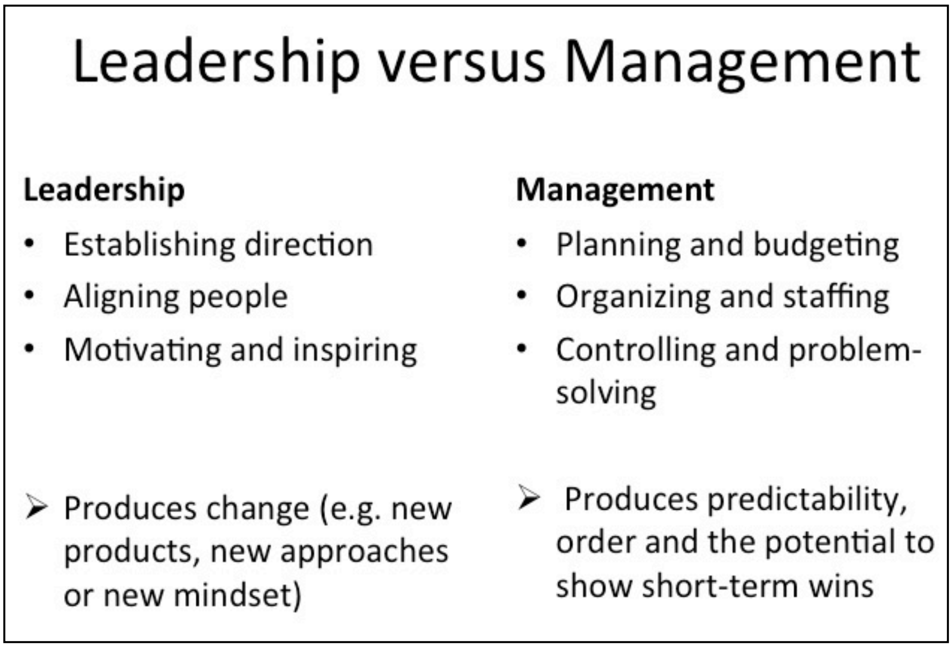

Illustration 12: Management versus leadership (Adapted from Kotter 2012, 29)

Both styles are needed in organizational transformation efforts, but the leadership abilities have been somewhat neglected. Kotter (2012, 29) points out that management is easier to learn than leadership, but management has been a vital part of how companies have needed to operate. Management often becomes crucial when a company grows rapidly and the management provides needed control in that growth. However, this control leads to an internal focus, which in turn in worst cases can grow to an unhealthy arrogance that is not a fruitful atmosphere for change efforts. (Kotter 2012, 28-30.)

Leadership is often associated with one single, often charismatic, person. Change efforts may include a highly visual leader, but real change does not occur unless many people are able and willing to help. (Kotter 2012, 52.) Indeed, he mentions that although some personality traits such as charisma help in change efforts, charismatic leaders can be problematic if they are poor managers and if they do not value managerial skills in the team set-up since being able to deliver results in a change efforts is crucial (Kotter 2012, 134-135).
Kotter (2012) has divided the issue of management into Leadership or Management depending on what the matter at hand consists of. Battilana et al. (2010), based on Lewin's planned change model, bring forth an interesting notion of leadership behaviors with task-oriented or person-oriented skill sets as change agents. In change efforts, both styles of leadership behaviors are important, which also promotes Kotter's (2012) idea of building a coalition of many team members. However, the authors state that these leadership behaviors can be found in one person simultaneously, they can be found as either or and then there can be a total lack of them. The task-oriented leaders are skilled at designing structures, processes and in that way empowering people to act and behave in novel ways. These leadership skills are im-

portant also for further development of change initiatives. The person-oriented leaders, by contrast, focus on building empathy for the team members to be able to get buy-in for changes and they emphasize a collaborative and engaging approach. Furthermore, the person-oriented leaders are skilled at communicating the need to change and they are an asset in the change implementation efforts. Indeed, what the authors suggest is that different leadership behaviors should be utilized in various parts of the change process, i.e. task-oriented leaders are mobilizers of people and good evaluators after a change initiative and person-oriented leaders are good communicators and mobilizers, but often poor evaluators. (Battilana et al. 2010.)

Equally, Lewin (in Burnes 2014, 319) brings forth an interesting view on the role of the change agent as not something that is linked to leadership or management, but more of a neutral facilitator that helps individuals identify their options and facilitate their decision-making. This view is based on the fact that the freedom to choose and trust in the people leading change has been identified as important factors in a change positive environment. (Burnes 2014, 319.) In a similar fashion, Henry Mintzberg (2009) questions and asks for a rethinking of the division of leadership and management, and instead promotes a community-based thinking where the employees need to be re-engaged to one another and the company they work in. Here, the leadership becomes something else than the idealistic leadership that most change efforts promote. The community leader, as Mintzberg calls it, becomes a facilitator for change in a way that they are reaching out, instead of down, to people. The facilitation becomes a crucial point, as these community leaders understand that change is driven by many, not just one. The community leader engages with people personally to get people engaged and taking initiative on their own. Mintberg urges companies to build themselves from the middle out, not from bottom up as he sees the best potential for community building among the middle managers. (Mintzberg 2009.)

Mirvis (in Burnes 2014, 321) points to a change agents creative and innovative skills, as any change project requires models but often new and experimental methods of achieving the goals. Much of the steps taken in change processes are rational, but there is also a space for non-linear logic and spontaneous action which is one of the driving factors for people to change. (Burnes 2014, 321.) Indeed, building the creative confidence of team members is something that Kelley and Kelley (2013) also emphasize.

Resistance is a topic linked to the change agent’s role in influencing others. Burnes (2014) points out that organizations do wisely in understanding that their stakeholders have varied interests and even managers in a company might have interests that are not aligned with the company’s interests. Stickland (in Burnes 2014) mentions the positive aspect of resistance, as resistance can give important feedback about the proposed change initiative e.g. it not being well thought out or not innovative enough. In a similar fashion, Burnes (2014) states that resistance can become an important passion for organizational renewal. To summarize, resistance if often found but it is a positive force and it can give important insights about an organization's readiness for change.

When resistance is found, it is usually a combination of the organizational attributes and individual aspects of the change leader. It has been stated that the relationship to the change leader affects the level of resistance. If the individual views the change leader in a positive way, they are likely to show less resistance. The relationship should be built up in a participatory way to lower resistance. Apart from the interpersonal relationship, resistance can be lowered with involvement in the process. A participatory leadership style together with involvement and engagement of personnel is essential in lowering the threshold for resistance. The change agent is of importance not only as the facilitator of change through engagement but in understanding the context of change and the organization's readiness to change. (Burnes 2014, 312-318.)

Summarized, one can state that change is a topic that is hard to narrow down since it essentially covers systems, processes and in the end people and human behavior. Therefore, many theories and terms become of interest and the area serves best when looked at from an interdisciplinary lens. In this thesis, service-dominant logic outlines the strategy behind the change need, and organizational theory with Design Thinking elaborates on the topic of how change can be viewed upon and which matters facilitate the empowerment of the project team in leading change.

Indeed, the topic of change is commonly recognized as a complex one (Cicmil 1999). When wanting to adopt a service-dominant logic for business, Service Design processes and a Design Thinking mindset can facilitate the actual transition.

4 Service Design Process and Tools

The research question for this thesis is: how can the team members become more empowered to lead change? The research process is narrowed down to include only the first parts in a service design process, which is to understand and define the real problem from the view of the correct stakeholders. This thesis research is based on a Service Design process, and utilizes tools from this methodology.

4.1 The Service Design process

The chosen Service Design process for this particular thesis is the Double Diamond model by the British Design Council (2015), featured below. The goal for this research has been on understanding and defining the problem, therefore the research has focused on the two first parts: Discover and Define. As the Illustration 13 shows, these two phases are followed by a brief and that is the aim of this thesis as well: to give suggestions for further development work within the case company using Service Design tools. Even though the design process is often featured as a linear process, it should never be seen as linear but iterative in its nature (Stickdorn and Schneider 2013). Indeed, as the authors point out, being non-linear and iterative, at any time in the process one might need to take a step back and rework. In a similar fashion, the first things to design at the start of a new service design project, is the design process itself as tools vary depending on the topic at hand. (Stickdorn & Schneider 2013.) See Appendix 2 for a closer brief & research plan and timeline for the research that was surrendered to the case company.

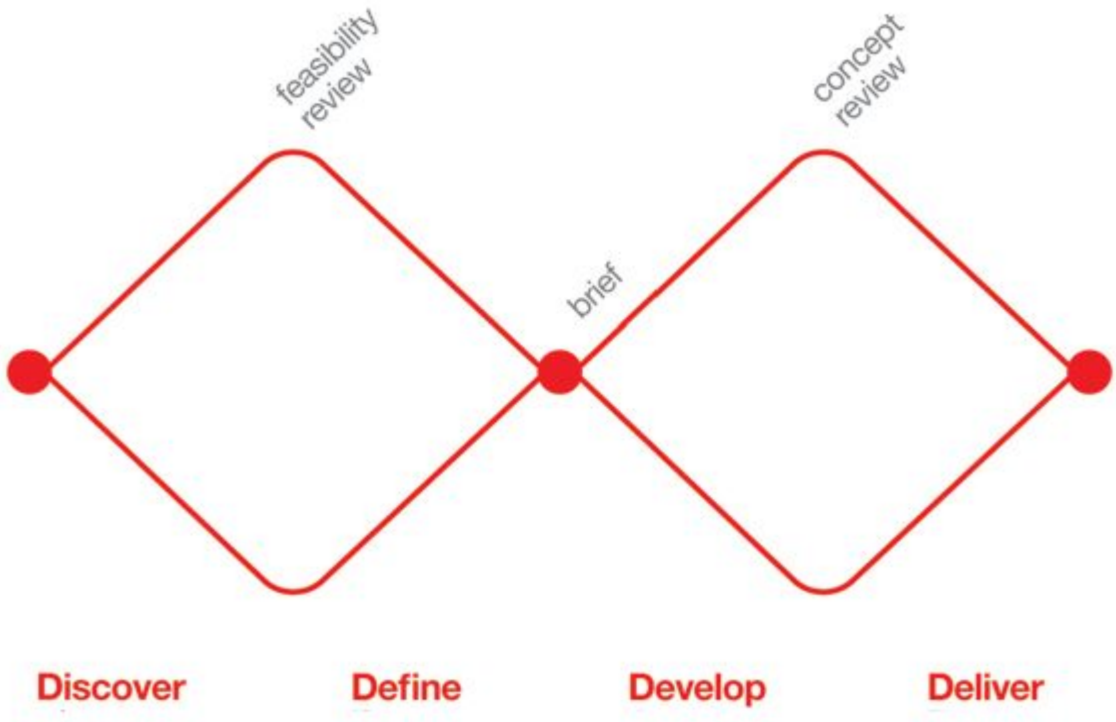

Illustration 13: The Double Diamond (British Design Council 2015)

The latter parts of the design process will be a follow up from this thesis in the case company. Illustration 14 features the design process used for this thesis, together with a timeline.

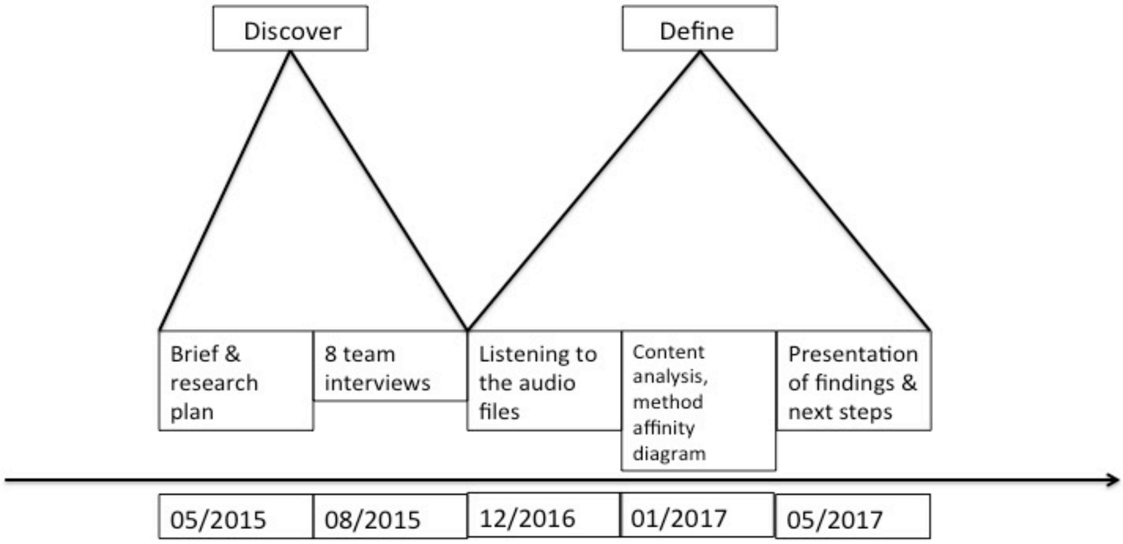

Illustration 14: The design process for the research together with timeline (own drawing)

The research was conducted in Fall 2015, and the results were analyzed Fall 2016. See the full brief & research plan as Appendix 2.

4.2 Methodology

The tool used to gain understanding of the problem is eight individual semi-structured interviews (Thomas 2016; Portigal 2013) with all the current team members of the Customer Engagement team. Interviewing as a research method is appropriate when the aim is to gather in-depth information on an individual level and to clarify information or to give more depth to information (Ojasalo, Moilanen, Ritalahti 2015, 142). Therefore, interviewing all team members individually was an appropriate tool to gather information. Ojasalo et al. (2015, 142) also argue that interviews should be conducted in a natural setting for the interviewees, and that is why the interviews were held on through teleconferencing which is a familiar tool for the team. Furthermore, as the case company operates on a Nordic level, Swedish, Finnish and English were used as a language in conducting the interviews. The language was selected according to the native tongue of the interviewee to make the respondents as comfortable as possible in expressing themselves. The interview Field Guide with the set of questions can be found as Appendix 1.

The interviews took place during Fall 2015. Each interview was approximately 45 min to one hour long. Semi-structured interviews were selected to give a certain set of themes that were to build a base for the discussion, but then allow for enough freedom to include other topics that might feel relevant to the individual respondent. The field guide/interviewer did not want to explain change management as a term in order for the respondents to freely be able to explain what the term means to them – and to further research what level of understanding the team has for change in general.

The interviews were captured on iPad through VoiceR Pro recording program. The audio files were saved on a dropbox account. The audio files were listened to three times and post-it notes were made from the audio files. The notes were clustered according to themes found, and direct quotes were collected from the important themes that arose from the interviews.

Content analysis was used to understand the research findings and to build a synthesis. Ojasalo, Moilanen and Ritalahti (2015) explain that content analysis is a method for trying to understand research material of verbal or symbolic nature and ultimately to put the material into written form. The aim of content analysis is to increase the information value of the material and to bring clarity for the continued analysis of the matter. Furthermore, one important aspect of the content analysis is that it summarizes vast amounts of information. (Ojasalo et al. 2015, 136-139.) Content analysis was seen as an appropriate method in this thesis as the eight interviews rendered a substantial amount of information, where it was important to summarize and visualize the findings in order for the case company's management to take further action.

The content analysis was undertaken with the help of a tool from Service Design called affinity diagram. Affinity diagram is usually used in design teams to make insights from research more available for the design team. Each insight should be posted on a note of its own and once 50-100 notes are posted on a wall, these notes are then put into clusters to represent the selected research themes (Martin and Hanington 2012, 12-13). The interviews were listened to and an affinity diagram was used to group findings from the research. As the aim of content analysis is to provide clarity and to summarize research findings, affinity diagram is an appropriate tool to visualize key findings and cluster emerging themes and headings.

4.3. Visual summary of the research process

Illustration 15 outlines the whole research process. The first step was composing the brief and research plan and discussing that with the case team's Line Manager. The next step was conducting the interviews and recording those on a digital platform for later use. The audio files were then listened to several times, and notes were taken. The following steps were organizing those notes, and later clustering those notes into themes. These themes formed categories, which were visualized and the content analysis was undertaken with the help of Affinity Diagramming. The findings have been explored in the discussion section of this thesis, and the further steps from this research are planned for May 2017 with the case company.

Illustration 15: The research process visualized and summarized (own drawing)

Illustration 15 summarizes and visualizes the research process undertaken from writing the brief & research plan to planning the further steps to take in the case company

5 Findings and discussion

In this section, this thesis provides an overview of the findings that were analyzed with the help of content analysis. Appendix 4 contains all the research visualizations and materials, thereby facilitating the understanding of the process and topics. This section includes direct quotes from the teams' eight members, and these are marked after the quotes as R1 to R8. The quotes are marked in this fashion to keep the respondents answering anonymous.

As mentioned in the previous chapter, affinity diagram was used to group insights in six headings or topics. The headings are managerial support, vision, capabilities, mindset, relationships, and tools. Each heading included post-it notes from the interview and direct quotes from the respondents. These six topics were then organized into three categories: *Support & Guide*, *Engage & Influence,* and *Show*, depending on the focus of action. The affinity diagram and the structuring of findings can be found as Appendix 4.

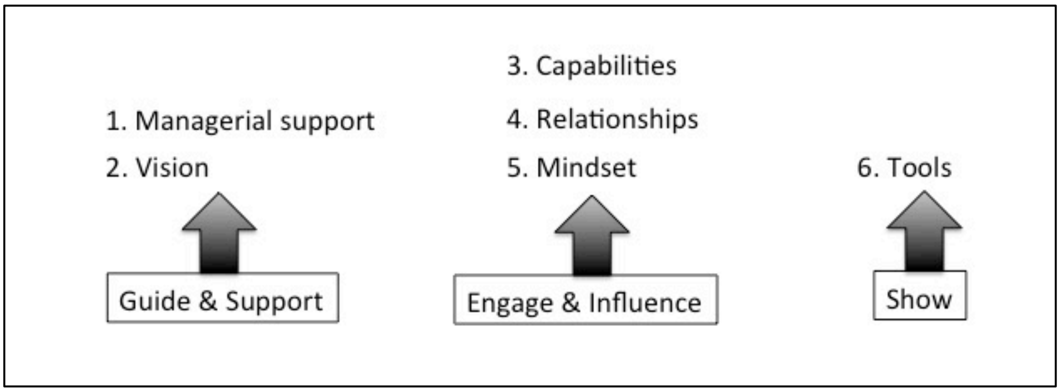

Illustration 16: The three categories and six headings found (own drawing)

The three categories in Illustration 16 are divided into three groups, as the researcher feels that the *Guide & Support* category is concerned with the case company's management teams and senior leadership's actions, the *Engage & Influence* category is the one category where the selected case team operates on a daily basis and the last category *Show* is what the team needs to be able to communicate and show to the rest of the organization the impact of their work and this last category is linked to middle management. All categories and headings are linked, and there is no clear cut line between them but the division has been made according to which group of employees can influence which category.

5.1 The three research categories and six headings

The three categories and six themes emerged from the eight interviews conducted.

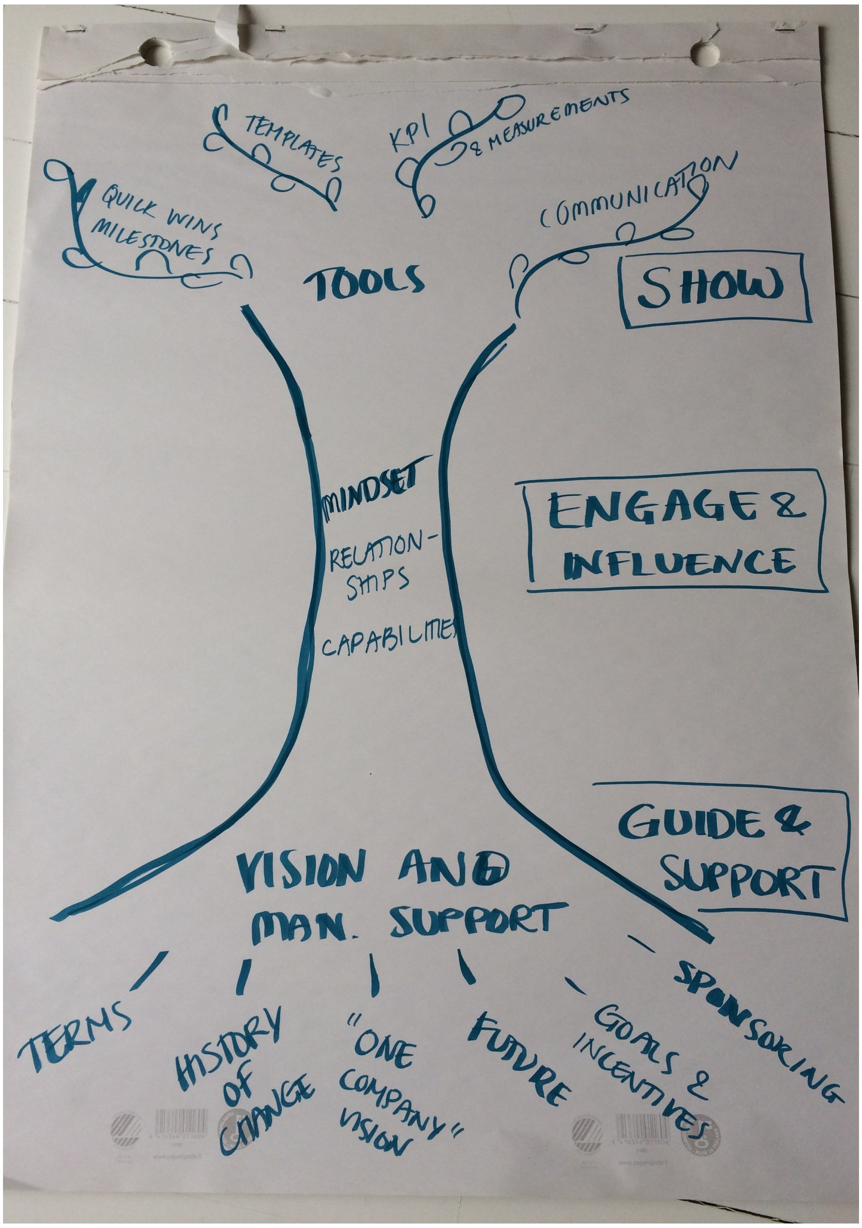

Illustration 17: The three categories and six headings found (own drawing)

The work can be visualized in the form of a tree as in Illustration 17, where the *Guide & Support* category forms the roots which the tree can grow from, the *Engage & Influence* category forms a steady trunk and the *Show* category forms the fruit hanging from the tree – clearly stating the results from the strong roots and trunk.

Show	**Tools** Measurement of suc-cess, repeatable change, practical level		
Engage & Influence	**Capabilities** Change leader versus project manager	**Relationships** People change, in-vest in relationships	**Mindset** Show value, be hum-ble, use empathy
Guide & Support	**Vision** You have to under-stand before you can embrace. Why and what?	**Managerial support** Active senior leader-ship support	

Table 4: A summary of the research findings (own drawing)

Summarized per category (see Table 4 and Appendix 4), there was a clear need for better managerial support in leading change and the vision for the teams' work among leading change was unclear to almost all the respondents. These aspects formed the *Guide & Support* category. The category where the respondents operate regularly in their daily work is the *Engage & Influence*. Therefore, this category had the most insights and the headings are not as clearly divided as mindset, capabilities and relationships are linked to each other in the work the team does. In this section it was clear that the respondents felt that in order to be able to lead change, one needs to be humble, build value together and co-create, have empathy for the different roles in the company and to build relationships as change begins with the individual. The last category formed is *Show*, where the aims are to be able to repeat change, measure the effects of change and share best practices. Next, this thesis will look at each heading more closely.

5.1.1 Vision

All of the respondents took up the impact of a vision in their interviews. There is alignment in the team that the vision for leading change needs to be clearer, and the team feels that the vision needs to come from senior leadership. The vision gives mandate for driving the change internally. There was a general need among the respondents to be able to answer to the question of *why* to be able to lead change. The team members generally felt that they were left alone to drive change in their own projects, for a higher purpose that was unknown to them. Alignment in vision was seen as the foundation for all work related to change.

> ”Is change management on our agenda (R7)?”
> ”Why do I need to persuade someone (R6)?”

> ”We need a united way of doing things, not just for our team (R3).”
> ”They have to understand before they see the value (R7).”

This was stated of one respondent about the cross functional team work that the members take part in. This sentence highlights two matters; first, the fact that the team experienced that as they lack a vision for leading change, it is hard to make someone else understand what they are trying to accomplish and second, the fact that there are many terms that are used without a common understanding of them. The team felt that terms such as digital, services and solutions and change management have not been explained well enough or at all. The team felt that the term change management could refer to a mindset and simultaneously to certain internal projects that have been called change management projects. It was unclear to the respondents how the company views change; as something to manage in projects or a general mindset to have in all work. This lack of alignment also showed in the respondent’s answers, as there were differences in how the respondents talked about change. To be able to embrace change, one needs to understand it first.

There was consensus among the respondents that the vision needed clarity. Most of the respondents stated that the vision set by senior leadership is unclear or has not been set at all. However, some respondents stated that they felt that the vision had been communicated clearly by the senior leadership but what was lacking was taking the vision to a more practical level in the team. The guidance to reach a more practical level would be most suited to come from middle management as the teams’ goals and measurements at the moment do not highlight leading change in any way.

One burden for leading change has to do with the past and the future. The term change management has a negative connotation for most employees in the company, as the term has been used to explain previous re-organizations and staff reductions as the industry is experiencing radical change. Therefore, many employees consider change as a threat to their future employment. Respondents felt that the company would need to show positive cases of change to alter the mindset among employees. All the respondents in the team felt that the future will only increase the need to adapt as the industry faces profound changes in the years to come. Some also stated that the speed of change is likely to increase in the future, and its relevance to the team will only grow.

> ”Readiness for change won’t diminish, but grow in general in working life.
> We need to be more flexible (R2).”

5.1.2 Managerial support

Many of the matters taken up in this heading relate to the previous heading around vision. Both headings are therefore under the common category of *Guide & Support*.

All respondents felt that managerial support is crucial when trying to lead change. There needs to be a clear vision from senior leadership that gives mandate for the team to act. What is reality today is that most of the teams' projects lack a senior sponsor. Therefore, sponsors or mentors are needed. The involvement of senior leadership is crucial for providing back-up and alignment in leading change. The team also expressed a need for help from managers to build mechanisms and processes to take change to a more practical level. This kind of support is linked to the vision and the tools, as there can be no support without a common direction and no follow-up without proper tools to measure impact or success.

5.1.3 Mindset

> ”People don't get familiar with change, it's always out of the blue and sudden (R2).”

This sentence reflects the importance of having the right kind of mindset when working with people around change. The respondents pointed out that it is important to be humble and to use empathy when working internally with employees with various roles and backgrounds.

> ”One thing is a project template, but as we are different people, we will work differently (R7).”

One has to be humble when trying to figure out what is of value to an internal stakeholder, as seeing value in a common project was seen as one of the most important factors in getting buy-in for a project that requires something novel out of the stakeholders involved. Many respondents stated that it is dangerous to try to determine value for another person, but instead you need to define value together (co-create it) by spending time with the other person and familiarizing yourself with their work and thinking. If value can be co-created with the different functions, then usually a common ownership of projects can be achieved and this correlates well with the success of a project. One respondent stated that the projects must be seen as ”our project”, not something that is pushed upon them as this gives a resistance.

> ”We have to go a long way internally before we can take change outside (R5).”

This quote links to the next section as resistance towards change was seen mostly in externally focused personnel.

Resistance was found in most part among field based personnel. In general, field based personnel, such as Area Account Managers, saw the teams' projects as more administrative work in an already pressed schedule. The resistance originates from a lack of understanding in an already tight battle of resources, time and allocation of costs. The externally focused people were seen to be hardest to ”sell to” due to the above mentioned facts. Furthermore, externally focused people were mentioned to be reliant on their customers' readiness for change. Among the company's selected therapy areas are different physicians, and certain physician groups are more eager to take on novel tools to work with than others. Therefore, the externally focused people sometimes were seen to have a resistance towards change, as they did not see their customers being able to adapt or change as needed. To get buy-in from externally focused personnel, managerial support from their supervisors was said to be important.

To be able to tackle resistance, several respondents stated that it is important to understand the company's history with a major change e.g. staff reductions etc. taking place every year. As mentioned earlier, the company's history has shown little positive examples of change so employees fear the worst when they hear the term change. The longer you have been employed with the company, the harder it is to change. The history of change in the company gives a sense of lack of trust and long-term commitment from senior management, and causes employees frustration from these past experiences. The team feels left alone to tackle this resistance, without the help of senior leadership or a guiding vision.

Many respondents stated that to overcome resistance to change it is important to consciously select an approach or mindset to use.

> ”An approach has been my leading star in showing how do we influence and create change (R6).”
> ”Change management is a mindset, not a project (R6).”
> ”Our projects are different, we need to think about our change management approach at all times (R5).”

The vision lays the foundation for an approach or a mindset, and the managerial support provides the strength to incorporate that mindset in the company. The team did feel that their mission is to drive change.

> ”Our team is seen as the frontrunner in driving change. We need to do this (R2).”

5.1.4 Capabilities

How does one drive change then? Having the right mindset was seen as important, as well as having certain capabilities in e.g. fostering relationships and being able to influence others.

> ”We need as Customer Engagement Specialists capabilities to
> sell and implement new concepts and meanings
> into internal stakeholders (R4).”

The ability to influence or sell in novel ideas was seen as a key capability and divided the teams' opinions as some of the respondents felt that influencing others is not a skill you can learn but you are born with e.g. charisma whereas others felt that e.g. communication skills can improve your ability to influence others.

> ”Tools don't change your personality, you need to be able to
> communicate and inspire (R3).”
> ”You have to sell yourself to be able to sell your project (R5).”

This meant that the respondent did not feel that a certain team/department can drive change, but that it takes a certain type of person to lead change. One respondent mentioned the important fact of having so called working life (behavior) idols to look up to, as these can help you develop as a change leader.

As the team handles beginning-to-end projects, the question was raised whether team members can simultaneously function as project managers and change leaders. Being an effective project manager and leading change by character was seen as a hard task to simultaneously accomplish.

> ”We are not all change managers (R5).”

It is important when asking people to change that they feel trust for the person leading the change. One person said that when asking people to change, we are asking them to leave something comfortable for something unknown and new. Therefore, charisma and the capability to influence others are of importance.

> ”You can train capabilities, but you need a basic
> understanding of people (R6).”

Empathy was seen to have an important function as a capability for the team to use. The team members felt that it was important to inspire and engage people, and empathy was needed to do so. Apart from the above-mentioned influencing or selling abilities, the respondents said that experience from leading change does help in driving change. It is a matter of trial and error and those matters learnt in the past to see in which way you can influence people.

5.1.5 Relationships

There was consensus among respondents that relationships are crucial for driving change. As the team is responsible for driving external change internally, the respondents felt that people change person by person.

> ”The change happens on an individual level (R6).”

That is why it is important to invest time and resources into getting to know the project team, as you need to know how team members define value and which of the team members are more eager to explore new matters and why some might have a resistance towards change. One must take the time to build engagement with the team.

Finding your ”change ambassadors” in a mixed project team seemed to be an important aspect for the respondents.

> ”You have to find your change agents in a large team (R6).”
> ”You need people to drive change. Know your ambassadors (R8).”

It is important to find that one person embracing change in a team and give that person your full support and engagement. Those people are found by talking with people. All in all, respondents felt that finding these partners for driving change helps the projects forward.

The nature of the projects that the team runs is such that the team must have the engagement of various roles internally. This engagement needs to be awakened without formal authority over another person.

> ”You have to know people and be humble as you can’t
> order people to do things (R5).”

This means, that the team members must take the time to build relationships with project team members, build trust and networks. They must also be willing to invest time in finding out what the problems or resistance to change are for various functions to be able to understand what kind of value a certain project might give to that group member.

> ”You have to build your own brand in order for people to
> trust and listen to you (R5).”

People need to feel that they can trust a person that is asking them to try something new. Team members must be able to engage and influence others, and thereby the question of ”selling abilities” also arose as a topic under this heading.

5.1.6 Tools

> ”A toolbox is not helpful without a relationship (R5).”

Therefore, the previous headings in this work are important to bear in mind under this heading where we are looking for tools to show that change has happened, people have changed.

Tools are important for showing results from the work that has been carried out and for getting to that goal. One of the most repeated comments under this topic was the measurability of change that has happened.

> ”We lack measurements on if change has happened (R5).”
> ”You can never say you have reached a vision if you can’t measure it (R6).”
> ”You have to have a goal. A measurable goal,
> even if it is change management (R7).”

It is clear that the team members are lacking a measurement for a successful project. This is very much linked to the unclear vision, as it is hard to measure something if you do not know what you are striving for.

As it was mentioned in the vision heading, some respondents felt that taking the vision to a practical level was the most problematic part of their work. This is where the middle management plays a significant role in setting milestones and measurements together with the team. Team members do not know how to measure impact.

The team members also lack tools or frameworks to make change repeatable in the future.

> ”A framework is good, but we need concrete
> tools to use in our projects (R1).”
> ”Not a tool, but a roadmap how to get there (R3).”

This means that the team would need clarity in how much work is needed, where they are in the process and how can they measure the outcomes. A possible toolkit to use would need to be flexible enough to accommodate different projects and differences in personalities driving change.

At the moment, many members rely on their past experience of leading change internally but many respondents stated that the team should be able to share positive cases better among themselves. The positive cases would provide a sense of security to the team members that such a project has been run before in a successful manner.

5.2 Discussion

This thesis is about empowering a project team to lead change in the complex and changing environment of healthcare. The healthcare industry is indeed facing severe changes in the upcoming years, as there is e.g. increased pressure on cost-savings due to an ever-increasing aging population. The pharmaceutical industry wishes to be part of the solution, not the problem, in this joint venture focused on improving health outcomes. There is alignment in the industry concerning the need to innovate and move into services, but the industry is struggling to find the right models for it. Furthermore, pharma is taking increased measures in building trust among these important key stakeholders for the industry to be a part of the future solutions.

In the beginning of this thesis, several research objectives for the service science were exhibited. As mentioned by Ostrom et al. (2010) there seems to be general excitement about quality of life issues and wellbeing, and service-dominant logic is an important catalyst for the future improvement of services. This thesis touches upon many of the research priorities listed by the authors, and emphasizes the use of service-dominant logic as a base for understanding the difference outlook on value co-creation that comes with a business focused on services.

When value is co-created, this puts another emphasis on the value generating processes of a company and the interactions that naturally occur between those people that are a part of those processes. Value generating processes, i.e. backstage processes involve people across the functional silos in large corporations today, and a holistic outlook is needed when designing services from a customer point-of-view instead of a company focus. Many of the authors cited in this thesis e.g. Reason et al. and Kotter have strongly promoted the use of cross functional teams with a shared goal to bring expertise and alignment in action. Along with a cross functional team comes various backgrounds and areas of interest, and often the lack of a common terminology and understanding. Engaging and influencing such teams, without formal authority, to work together in bringing about the change that is needed is what the case company’s customer engagement team is responsible for.

This thesis began with a request from the case company to provide the case team with a framework for change management. Kelley and Kelley (2013, 99) state that a first step towards a great answer is first to reframe the question. This is exactly what was done in the beginning of this work to start the research with building an understanding of the problems for the team to be able to build empowerment for the team. Concentrating on creating a framework for change management would have been skipping steps in the design process and led to the creation of a solution to a problem that was not found among the respondents. This is the value that a design process can build in any company, as it focuses on answering to a problem that is found among customers or stakeholders, instead of creating solutions made on assumptions.

Kelley and Kelley (2013, 122) state that the enormity of a task can prevent you from acting. Kotter (2012) similarly states that people are often intimidated when they understand how much work and resources are needed to bring about change that is linked to company culture. Therefore, a company needs to be aligned on what kind of change is taking place, what kind of model is being used for change and how is this incorporated into processes, systems, people and skills. One such enormous change effort is a business model for services in pharma. This enormous quest brings us to the research findings of this thesis, which will be discussed below according to the three empowering categories that were found: *Guide & Support, Engage & Influence* and *Show*.

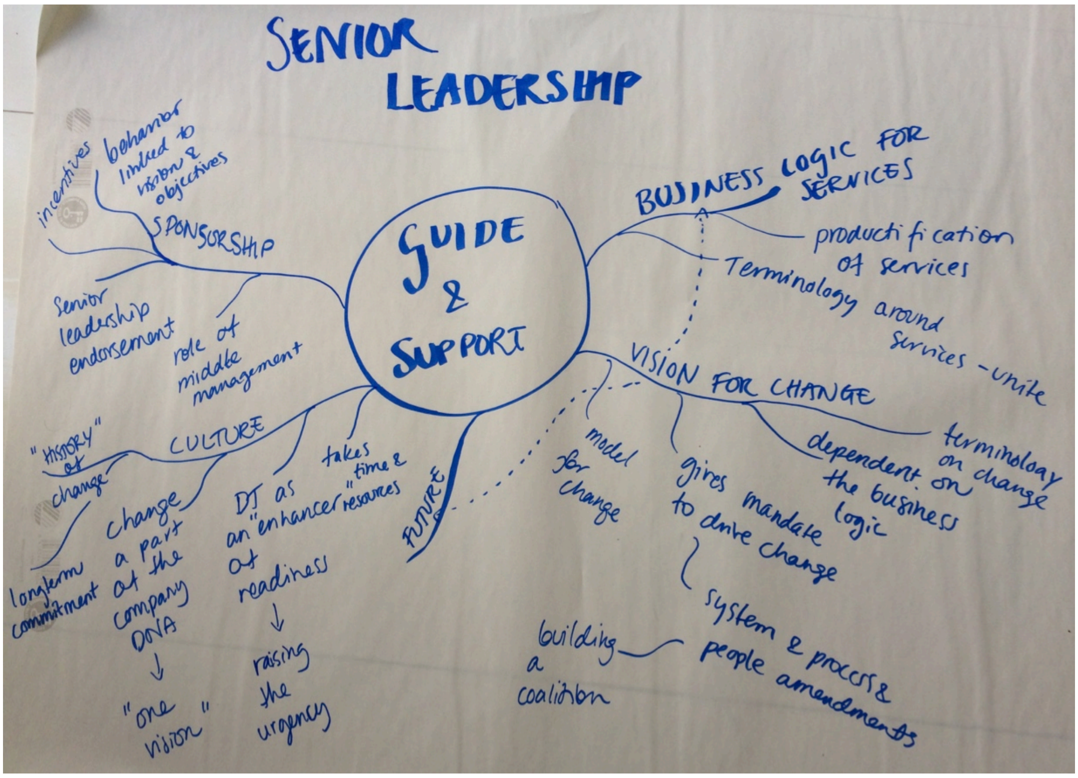

Illustration 18: Visualization of Guide & Support category for discussion (own drawing)

Illustration 18 highlights the matters of importance around the *Guide & Support* Category. The findings of the research concluded that neither the vision for change nor the terminology around change or services are clear to the people that should be driving change on a grass root level. The case company has set up in its 2020 strategy services and solutions as one of three founding pillars for business, but the business logic around services is unclear. This thesis aims to bring forth service-dominant logic as an important consideration when moving into services, to highlight the fact that when moving into a service business model, major transformation is needed and this transformation work cannot reside solely in a project team. The case project team was confused both with the underlying business logic for services as with the transformation work that is needed, i.e. the change vision. Lasting change, according to Kotter (2012), is essentially change that is linked to company culture. Therefore, vision creation and removal of barriers that prevent staff from taking action on that set vision becomes a task for the senior leadership of a company. The senior leadership also is responsible for the creation of a coalition to drive change, with enough powerful people onboard to give mandate for the needed change. Kotter (2012) states that the problem that many companies face is the exact same as the case company, that change “projects” are located to project teams which lack sufficient power to drive change. These once passionate change drivers become disempowered when facing the resistance of systems, skills, processes and people when the organization has not been redesigned by powerful enough leadership. It is up to the senior leadership and middle management to remove barriers for change, which brings forth empowered staff.

Change also begins with the leadership task of raising the urgency (Kotter 2012) or expressing a felt-need to change (Burnes 2014). This urgency is directly linked to the vision of where does the company want to be in the future. Without a set vision, it is difficult to communicate a need to change to staff, difficult for middle management to set goals and measurements and impossible for grass root level staff to take action.

Kotter’s eight step model for change has been brought forward in this thesis as one useful way of looking at change from a senior leadership perspective. Successful change is eventually linked to company culture, but before that can be achieved, vision needs to be set and communicated and a powerful enough team selected to drive the effort. A Design strategy for healthcare, Design 3.0, by Jones (2013) has been highlighted in this thesis in an effort to demonstrate the complexity of healthcare and promote how the use of a design strategy and the building of design capacity by Design Thinking could better foster an organization readiness for change. These are direct leadership considerations as a possible design capacity, as well as change readiness, is linked to company DNA – not added on certain projects.

The suggestion from this thesis is that the case company needs to evaluate whether there is a vision for the future business logic of the company, and if there is one, how is that business logic not clearly communicated to staff that are driving change? Service-dominant logic provides this logic with important considerations, as it shows the differences in operating in a manufacturing and in a service business. Indeed, if there is a set business logic for services and an accompanied change vision and model, there is a need to let staff "wrestle with it" as Kotter (2012) promotes. This could be done by an engaging vision workshop for the people that are needed to drive change. Once the findings of this thesis have been presented to the case company, the vision would need to be clarified and communicated better.

Illustration 19 points to the *Show* category, which is concerned with the Middle Management aspects. Kotter (2012) defines measurements, showcasing quick wins, budgets and milestones as manager's tasks. The research findings of this thesis show that the case team currently struggles to measure impact, show quick wins and make change repeatable. Middle management should actively take part in change efforts, and co-create metrics and tools for change implementation with the case team. To be able to measure change, the business logic around services must be addressed and a change vision for this task set. Without a guiding vision it is difficult to measure impact.

The research findings implicated that sharing of tools and best practices should be improved i.e. the communication around change facilitation should be improved. This way, change might become repeatable and not only relying on the past experiences of change for the respondents. Kindström and Kowalkowski (2009) have in their article around new service development stated that managers should especially focus on the revenue generation and implementation of new services. These aspects of new service development are often left to minor attention, which makes it more difficult in change efforts to show quick wins and successes that are essentially needed to show the organization why the time invested is worthwhile.

The management tasks of a change effort could benefit from the Design Thinking approach. Theory states that implementation of new services (Kindström and Kowalkowski 2009) and change efforts (Cicmil 1999) is essentially the difficult part, therefore this is where Design Thinking could provide facilitation using visualizations, early prototyping and piloting. The case company currently has a worldwide tailored project management framework in use, with strong focus on leadership and the guiding team with their own deliverables. However, this framework is still not in active use throughout the company so therefore it provides little help in the current implementation of projects.

Kotter (2012) states that the senior leadership and middle management have a role in removing the barriers for empowerment of staff. They are responsible for removing obstacles that deal with systems, supervisors, structures and skills of people. Middle management certainly has an important role in showcasing the new behavior that is expected from staff and they are in a good position to function as facilitators as they know the organization both up and

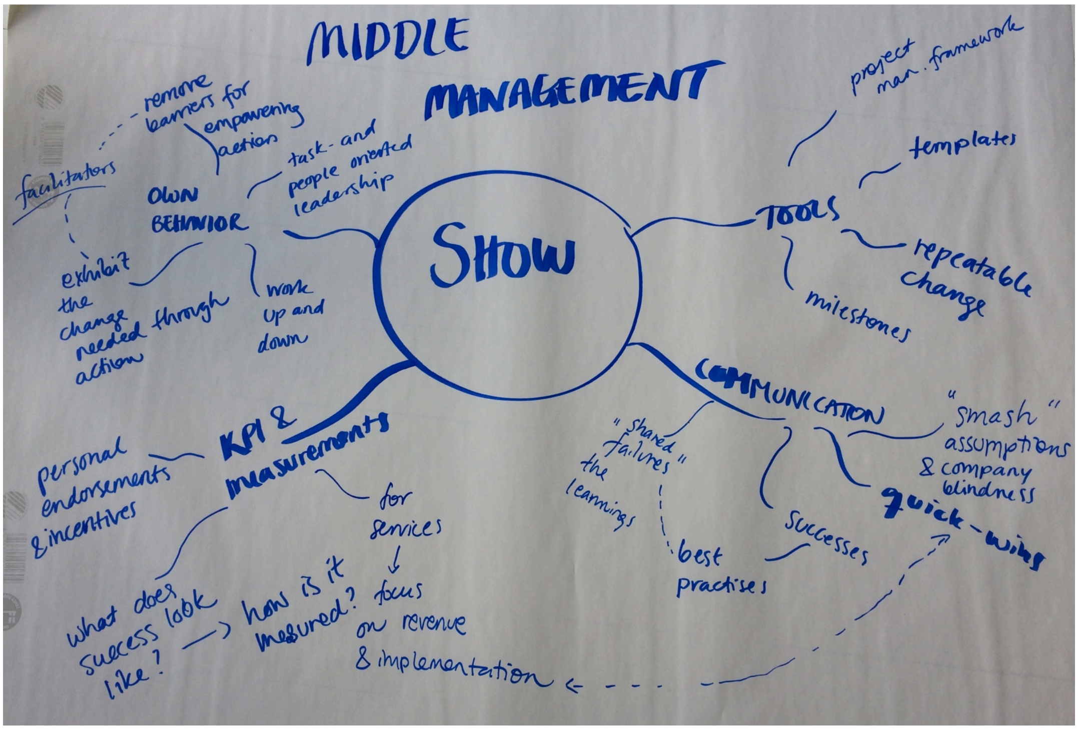

Illustration 19: Visualization of Show category for discussion (own drawing)

down.

Illustration 20 features the *Engage & Influence* category visualization from the literature and the research findings. This is the category where the case team in question can make a difference and the important activities concern building engagement, trust and relationships with the ability to influence people. The current situation shows that there is no real consensus among team members of what the vision for leading change is, and this brings challenges in daily project work as the question of why remains unanswered. It seems clear to respondents that the team should be driving change and that the speed of change will only increase in the future. Therefore, there is readiness to drive change in the team and the team acknowledges it as an important part of their work.

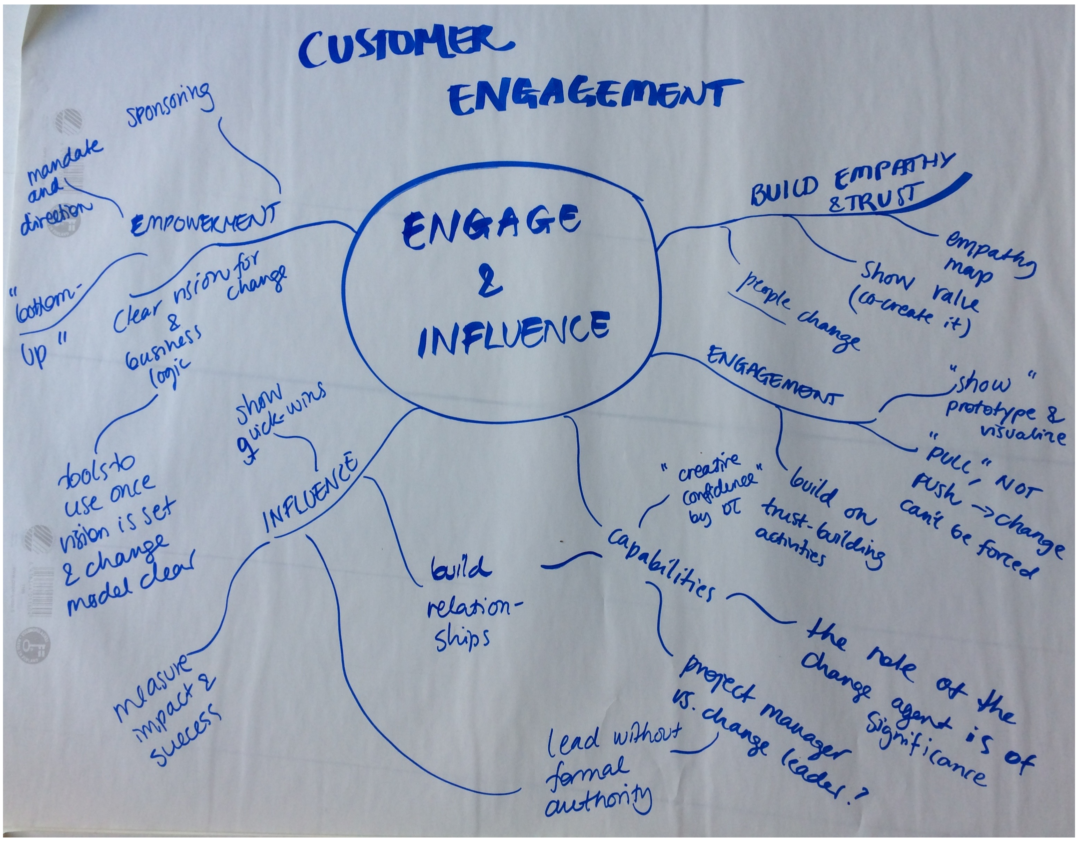

Illustration 20: Visualization of Engage & Influence category for discussion (own drawing)

Going forward, the team needs empowerment through the setting of a vision for their work. This way, the members can feel that they have mandate to drive change and they know the goal for their work. In the research findings, it became clear that members lack understanding of the term itself and its significance in the team. Change management has historically been a term that has been used in the case company to certain projects so the term itself causes confusion whether change should be seen as incorporated into some projects or if it should be seen as an underlying mindset in all the work the team does.

Once the terminology and vision is clear, the team should build on capabilities in leading change. From the research findings it became clear that the respondents have different backgrounds with change and many felt that earlier experience helps in driving change. Theory on the role of the change agent (Burnes 2014) certainly promotes that the change agent does have an important role in successful change efforts. Kotter (2012) writes about leadership and management roles, whereas other authors have described the role of the change leader more that of a facilitator (Lewin in Burnes 2014; Mintzberg 2009) or ideally a combination of task- and people-oriented skill sets (Battilana et al. 2010). Kelley and Kelley (2013) and Mirvis (in Burnes 2014) promote the creative problem solving skills in an organization when tackling change. Whatever the role might be, it is clear that the team needs senior leadership support in driving change as some of the respondents felt that acting as project managers and change leaders is a difficult task. Indeed, in Kotter's (2012) thinking, acting as a manager and leader requires quite different skill sets and this might be hard to achieve in one single person. This highlights the importance of building change teams with broad enough experience and skill set together with a senior leadership sponsor that might be able to act as the change leader.

The research findings highlighted the need to build empathy and trust among the internal cross-functional teams that are building services together. Theory promotes change as something of a pull mechanism instead of push, since change cannot be forced on people and building trust for the change leader is essential in driving change (Burnes 2014). Indeed, the research findings stated that people change, so it is worthwhile spending time with your peers and understanding their thinking. Forming relationships, influencing mindsets and improving capabilities to lead change were important topics from the findings. Therefore, it is the recommendation of this thesis that the incorporation of Design Thinking into the team would bring benefits in the understanding, building empathy for the internal stakeholders and for the co-creation of services.

One such approach in building empathy could be the use of an empathy map for the important stakeholders in the cross-functional teams (Illustration 21). The empathy map would bring understanding of the underlying thoughts and feelings together with pains for various internal roles. Having an understanding of these helps in building empathy, understanding and brings a certain humble approach to these cross-functional projects. The research findings stated that outward focused people such as Area Account Managers were hardest to influence. This could be a good place to start with the empathy map. Indeed, Gray et al. (2010) state that empathy maps are important for the very reason that they bring people in focus.

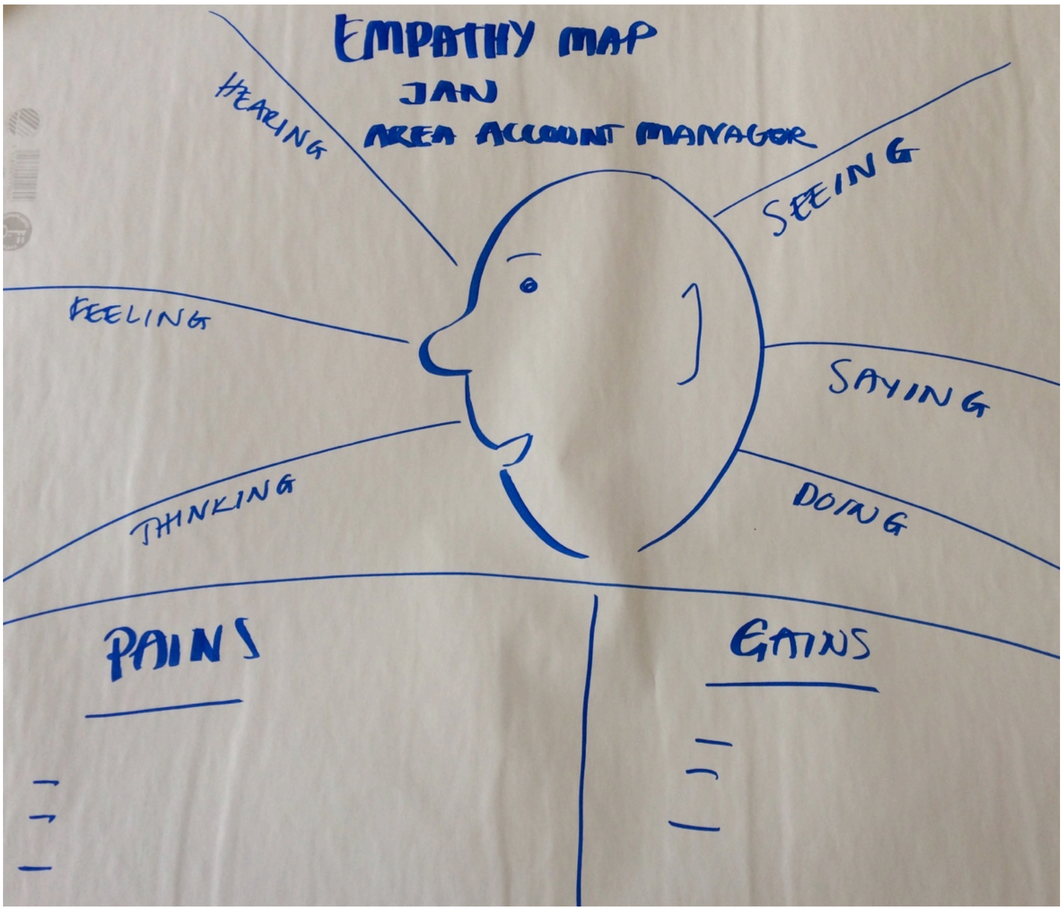

Illustration 21: Empathy map (Adapted from Gray et al. 2010, own drawing)

Design Thinking builds on an integrative and holistic view on services, where diverse teams of professionals help build services of value. In the end, as Reason et al. (2016) state, what unites the internal departments is the customer and his/her experience. Many large corporations and consulting agencies have understood the value of Design Thinking as the approach engages and empowers teams, while simultaneously letting the team members be part of the change they are creating. Design Thinking approach and methods such as building empathy, visualizing, prototyping and learning to “fail fast” would provide the team leadership skills in driving change through powerful engagement without any formal authority.

Organizational change cannot reside solely in one part of the organization, it cannot be only bottom-up as it cannot be only top-down. That is why it is worthwhile spending time to build the change teams - making sure there are enough people from departments just as there are people with enough influence. People drive change, as this thesis research concludes, but people need to be empowered to take action on the change vision. This is where Service Design and the concept of Design Thinking become important, as the methods used open creative ways to collaborate and co-create over organizational silos. A business model that puts the customer in the center, provides departments a common goal to aim for. Visualizations provide a shared language that spans across the terminology of marketing, sales or financial departments which usually makes the understanding of topics harder. Piloting internally lowers the threshold for service innovations, and makes the company more agile to respond to the market and also engages people internally - preparing them for change and making change a joint venture for all, thereby also raising the urgency level in an organization.

Furthermore, a ”fail fast” and iterative mentality could help get started with change in a smaller group – a coalition team. Design Thinking could help spark this mindset towards change, and change would ideally produce more change with a mark in company culture. It is no haphazard that strategic consulting agencies are buying Service Design agencies and large corporations are incorporating in-house design capabilities – it demonstrates the power of Design Thinking as a staff engaging and co-created endeavor towards change, innovation and renewal. Prototyping and visualizations could open new ways of co-creating externally with new partners, as they make proposals more tangible and easily shared. This is a true benefit in a complex system as healthcare with its many stakeholders with varying objectives. From planning and talking to acting, this is what the Eyeforpharma report 2015 highlights that we need to come to the *how* of services in pharma. The same report states that the real action is still missing, therefore Design Thinking could provide the industry with that little nudge to get started in learning. Kelley and Kelley (2013, 253) state that the best way to get started with a Design Thinking mindset is to treat it as everyday life, and remove terminology that people might not understand. Putting the customer in the center gives people purpose across departments and silos as Reason et al. (2016) point out, and Design Thinking methods give staff creative tools to enhance engagement and participation within the organization. Taking part in the change process through Design Thinking tools and perhaps applying a design strategy for the company naturally makes team members a part of the change through engagement. This way influencing others becomes a "pull" process instead of “push”, which Burnes (2014) promotes as change cannot be forced on people.

In conclusion, this thesis set out to explore how the case team could become more empowered to lead change in a complex and rapidly changing environment such as healthcare. What was found to be empowering for the case team is the setting of a business logic for services and a change vision for that work. The urgency level needs to be communicated by senior leadership to give further mandate for the team’s work on a grass root level. This vision must be further communicated to middle management, in order for them to exhibit the new kind of behavior that is needed and provide the team with practical support by removing barriers for change and making change repeatable with the help of tools to use. The case team in question could find empowerment in a Design Thinking approach as it allows the team to build empathy for the cross-functional roles they work with, use creative and inspiring tools to engage people in projects, focus on co-creating value, visualizing it together and building ownership of joint projects while simultaneously addressing the change that is needed. Design

Thinking gives excellent opportunities to engage people as it builds on human interaction, which is very much in the center of services.

6 Conclusions

This section of the thesis views the research aim and the research questions and addresses the future need for further research.

6.1 Research questions

The research question for this thesis was: how can the team members become more empowered to lead change? The matter was researched with the help of eight semi-structured interviews in Fall 2015 with the following considerations.

- How comfortable are the team members in driving change?
- Do team members feel that they should be driving change in the organization to begin with?
- Are there differences between team members' attitude towards acting as change ambassadors internally?
- What does the collaboration look like now in our different teams? In what way are other teams running change management processes? Is there an understanding of why change is needed?
- If team members feel that they are driving change, what do they feel that they could benefit from? Is it a matter of improving capabilities or tools to use?

The team did feel ownership of change, and felt that leading change is important today and will be even more important in the future for the case team. There were differences among team members in how comfortable they felt with leading change, and a history of leading change was mentioned in the findings as one important guideline for how to address change in the present time. The team members also expressed a need to share successful cases in a better way and to share tools for leading change. The tool and measurements of change was identified as something that the middle management needs to support the team with, while the setting of a common vision and terminology on change was seen as matters for the senior leadership team of the case company. The findings did show that there were differences in perceptions of change in the various teams, and resistance was reported most in outward facing roles in the company. Since the team members did feel that change is something that the team is responsible for driving and is of importance in the future, this thesis has set out to give an understanding of the three categories where empowerment can be helped according to which group is responsible for the action taken. These groups were *Guide & Support*, *Engaga & Influence* and *Show*.

From the interviews it became clear that what would be empowering for the case team to take action would be a clear vision and setting of common terminology around services and change. This vision would need to be articulated and it would need senior leadership and middle management support for it to have a lasting effect in the organization. Therefore, the research question was answered since at the moment action in the team and measurements of success are linked to a lacking vision. Thus, forming a change vision, selecting a proper change model for the case company along with senior leadership support and communication would be the first steps to take in the team's empowerment.

The research question was answered, but the findings show that this is only the beginning of many steps in the case organization that need to be taken to empowered not only the case team in question, but to achieve long-lasting change that is linked to company culture and DNA.

The interviews were selected to be semi-structured in order to capture relevant topics to the interviewee around change and to accommodate for each respondents history and background with change. The interviews gave a substantial amount of information and good direct quotes. Therefore, the selected method was appropriate for the research question. However, originally a design probe was planned for certain team members and interviews with other personnel of the company were also planned for this research. The probe would have given more in-depth information about how team members define change and these deeper insights might have helped the case company in selecting the appropriate change model for the future. Interviews with other professionals in the case company would have revealed more about how change is viewed among the company and what the perception is of the team member's change efforts. These insights would have further helped in the teams' empowerment and engagement efforts.

To summarize, the interviews were one hour long with each respondents so they gave detailed information about the current situation and challenges, however another or maybe even three tools to use in this research process would have given more in-depth information and made the research also more valid for the whole organization, not just the selected case team. The central role of the Brand Manager, which was out of scope for this thesis, would have been interesting to look at further as a change agent in the case company. Therefore, the recommendation for further development within the company would be to expand this research with the above mentioned tools that were not part of this research due to timing issues, but also to combine this research with quantitative methods to add a broader perspective to the research as the case company is a large, global and multinational pharma company. Expanding this research with more in-depth information, as well as quantitative methods would make it transferable and interesting to other manufacturing companies that are experiencing similar change processes.

This thesis has focused on the first two phases of the Double Diamond design process, in order to build understanding of the challenges with change for future development work within the company. Any Service Design process starts with executing research into customer or stakeholder needs, and these findings should serve as a base for any development work undertaken. The next development aim in the case company is to present the findings to allow empowering action around change to take place.

6.2 Further research development

Ostrom et al. (2010) note that services are becoming an increased part of our economy and services are best looked at from an interdisciplinary lens. This interdisciplinary lens has been used in this research. The service-dominant logic is considered by the authors (Ostrom et al. 2010) as an important catalyst for change from a manufacturing standpoint to an environment embracing service infusion, innovation and growth. This lens is suggested in this thesis. Furthermore, the great interest of social welfare and quality of life, which is listed among the ten research priorities by Ostrom et al. (2010) is of interest in this thesis as well since social transformations to healthcare and improved health outcomes address complex networks of stakeholders with varied objectives and include various care units with their own systems, skills, processes and professionals. The case team is involved in creating services and solutions that target improved health outcomes. To be more empowered to make a difference, not only in the case company in question but also in society at large, one aim for further research would be how alignment in objectives of different stakeholders could be achieved. If alignment is not possible, what would be the form of co-creation and collaboration among stakeholders that would have a lasting influence?

A Design strategy as outlined by Jones (2013) might facilitate the transformation process as it outlines the complex level of change that is needed, internally and externally. Further research into the use of this strategic model, together with a people engaging and empowering Design Thinking approach, in a manufacturing company would be an interesting research topic.

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Illustrations

Figures

Tables

Appendix 1: Field Guide

Field guide, August 2015

Restating objectives

Thank you for taking your time to sit down with me. As I mentioned in my email, this interview is part of Thesis work and my aim here is to find out more about how you view change management in your daily work among projects. There are no right or wrong answers to my questions, I mainly just want you to describe matters as you see them. We have about one hour of time for the interview.

Kick-off questions

So, let's start the interview with a few questions about your background in Janssen.

- When did you start at Janssen and what roles have you had in the company up to this day?
- In what role do you work now and how long have you had that role?
- Which internal stakeholders do you work with mostly? Which are the most relevant ones for your work?

Main body

I have some questions to you now concerning how you view change management in Janssen. Remember, that there are no right or wrong answers since I only want to know your thoughts.

- In your own words, how would you describe change management in Janssen?
  (if respondent has a hard time giving an explanation at all, give a brief explanation of the term change management in general to facilitate the answering)
- Is change management knowledge/tools/resources/capabilities needed in Janssen?
- Do you feel that an understanding of and tools for handling change processes is needed among the projects we execute in specifically our team? Yes/No – explain further?
- How is our change management work compared to change management run in other teams?
- What kind of capabilities are needed from an ambassador of change in our projects?
- Do you feel our team has those capabilities or resources needed? Yes/No – explain further?

Projection

- From 1-10, one being the lowest and 10 being the highest, how important would you rate a tool/resource in change management to help you to plan for your projects with change management aspects in mind?
- If you were to envision our work five years ahead from now, what role does change management processes have then? Is there an increase or decrease in knowledge of change management in our projects?
- Imagine an ideal situation, where you have just closed a project successfully and were able to engage your internal stakeholders in doing something differently with you in that project. What helped you get to that final end-point?

The soft close

We are just about ready with the interview now.

- Is there something you would like me to clarify or do you have any questions for me?
- Did I miss a topic that you feel I should have asked you?

I would like to thank you for your time and letting me gain more insight about how you think change management is present in our operations.

Appendix 2: Brief & Research plan

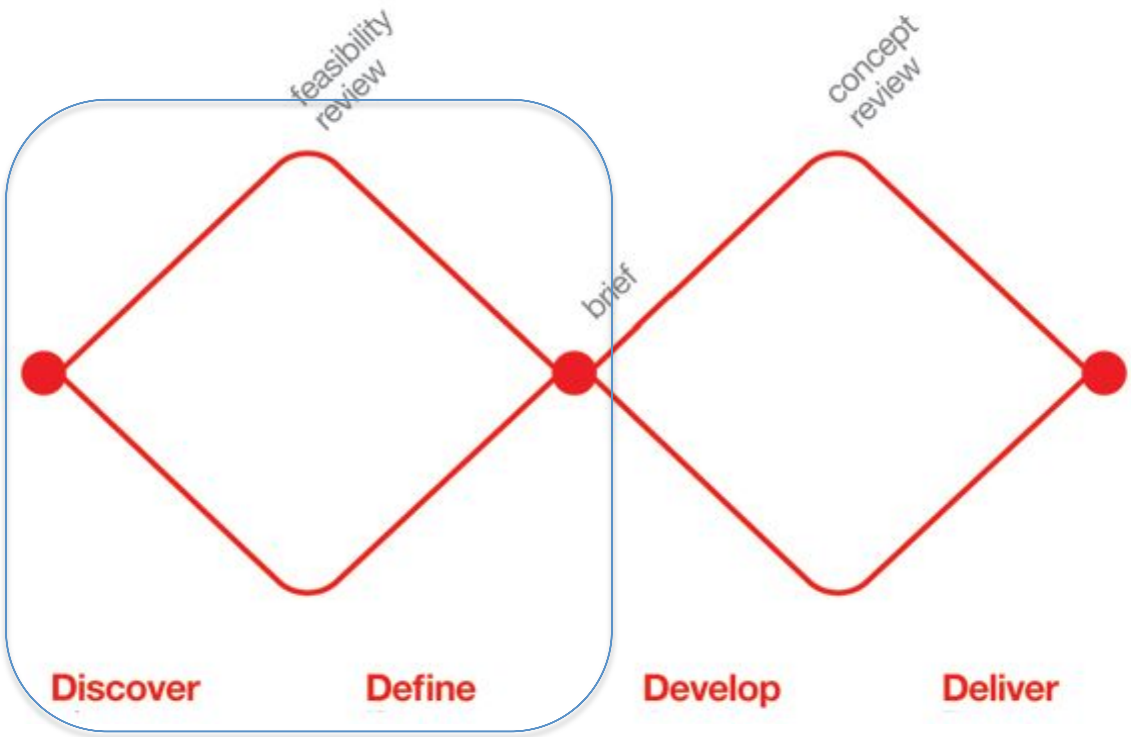
Research Plan / Change management facilitation in the Customer Engagement team

Why?

Customer Engagement team focuses on supporting the commercial business with projects related to value adding solutions and services, also often so called “around the pill” services. The planning and implementation of services requires a different mind-set from the traditional product-focused/manufacturing logic, which is primarily focused on transactions. The planning of these value adding services and the execution of projects is done in cross-functional teams with professionals from various areas of expertise such as financial analysts, physicians, marketers and sales professionals. Therefore, the different mind-set needed for service creation and the management of this cross-functional team with various skills could benefit from an element of change management into our project planning.

How?

Before we can instigate elements of change management into our project plans, we need to investigate how team members feel about change management in general. This research will utilize the first parts of the design process, Discover and Define, as laid out by the British Design Council to better understand the problem at hand. Following the Service Design process, called the “Double Diamond”, we are able to diverge our thinking through Discovery and then to converge our thinking through defining the real problem that needs addressing.



Before we can implement elements of change management into our project planning, we need to understand if change management is seen as a vital part of the team's work. We further need to investigate if the team feels they have the capabilities needed to run change management initiatives as a part of their projects and are there differences between team members in their view on change management. If team members feel that change management is an important element in their work, it would be beneficial to understand how this work differs from the change management work that takes part in other departments and which tools the team might see as enablers in enhancing their change management efforts. This research will focus on finding out the capabilities to run and the attitudes towards change management within the Customer Engagement team of Janssen Nordic. The research will focus on the first two parts of the design process: Discover and Define.

The objective

The objective for this research is to better understand the capabilities needed in the team and the thoughts of team members around change management in the Customer Engagement team to be able to provide the company with suggestions for further action in improving our cross-functional team-work in service and solutions projects.

Research questions:

- How comfortable are our team members in driving change?
- Do team members feel that they should be driving change in the organization to begin with?
- Are there differences between team members' attitude towards acting as change ambassadors internally?
- What does the collaboration look like now in our different teams? In what way are other teams running change management processes? Is there an understanding of why change is needed?
- If team members feel that they are driving change, what do they feel that they could benefit from? Is it a matter of improving capabilities or tools to use?

Timelines

- August 2015
- Conduct short semi-structured interviews with both CE Brand Specialists and Project Specialists to capture initial thoughts around their understanding of change management and how they see their role as change ambassadors in the company. Analyze the interviews and select 1-3 team members to continue with.
- Conduct a few interviews with other commercial roles in the organization to see if change management view is similar to our team. These other few are selected from our internal stakeholder list of customers that we work with.

- September 2015
- Follow up with 1-3 team members recognizing change management aspects and ask them to record their change management needs/thoughts in a design probe for 2 weeks' time. The design probe will provide more in-depth information about the need for help in change management. What kind of help do the team members need in running change management efforts in their projects?
- Analyze the Design probes and suggest further steps in Thesis.

Field guide, August 2015

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Kick-off questions

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- How is our change management work compared to change management run in other teams?
- What kind of capabilities are needed from an ambassador of change in our projects?
- Do you feel our team has those capabilities or resources needed? Yes/No – explain further?

Projection

- From 1-10, one being the lowest and 10 being the highest, how important would you rate a tool/resource in change management to help you to plan for your projects with change management aspects in mind?
- If you were to envision our work five years ahead from now, what role does change management processes have then? Is there an increase or decrease in knowledge of change management in our projects?
- Imagine an ideal situation, where you have just closed a project successfully and were able to engage your internal stakeholders in doing something differently with you in that project. What helped you get to that final end-point?

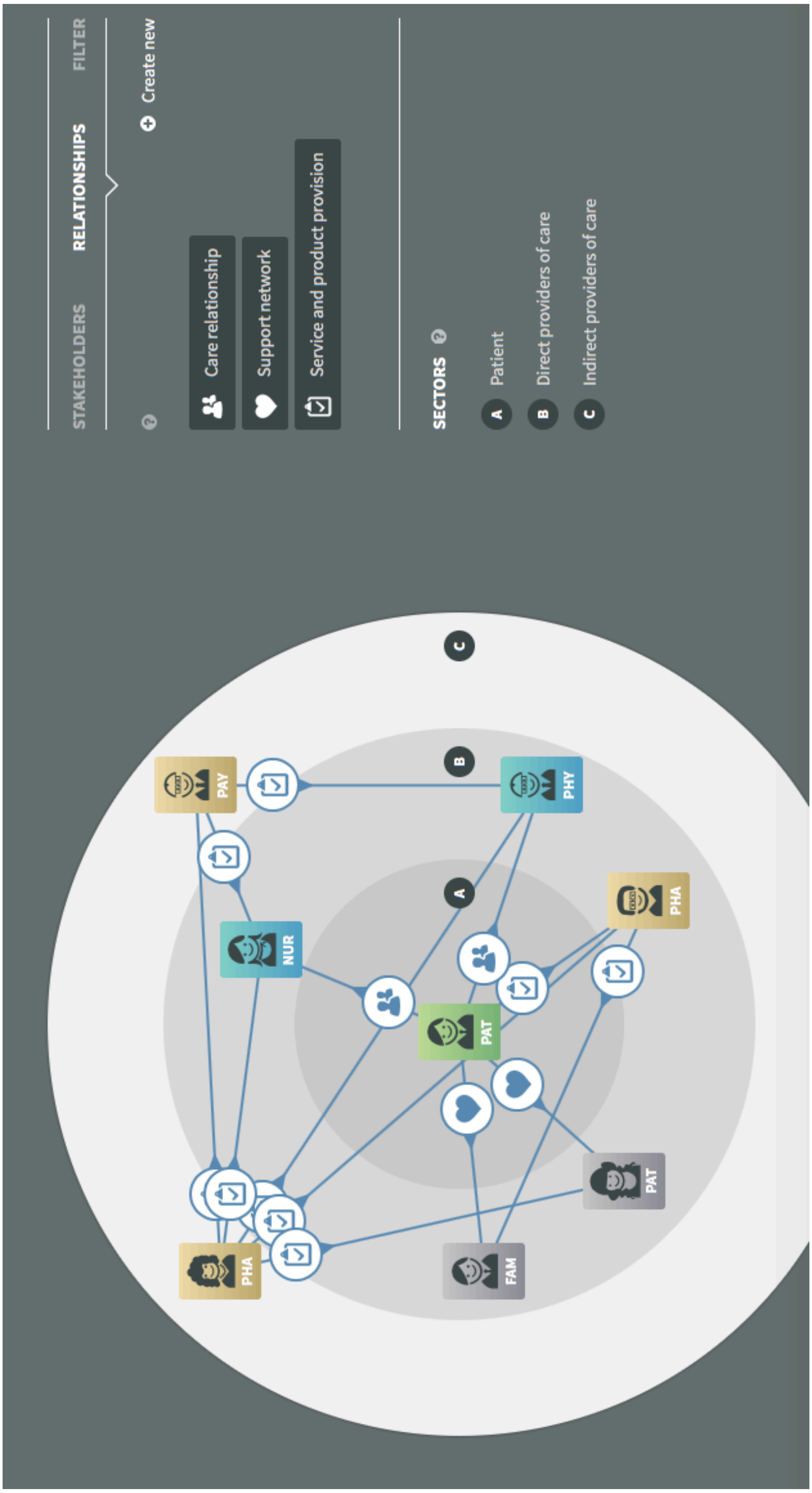
The soft close

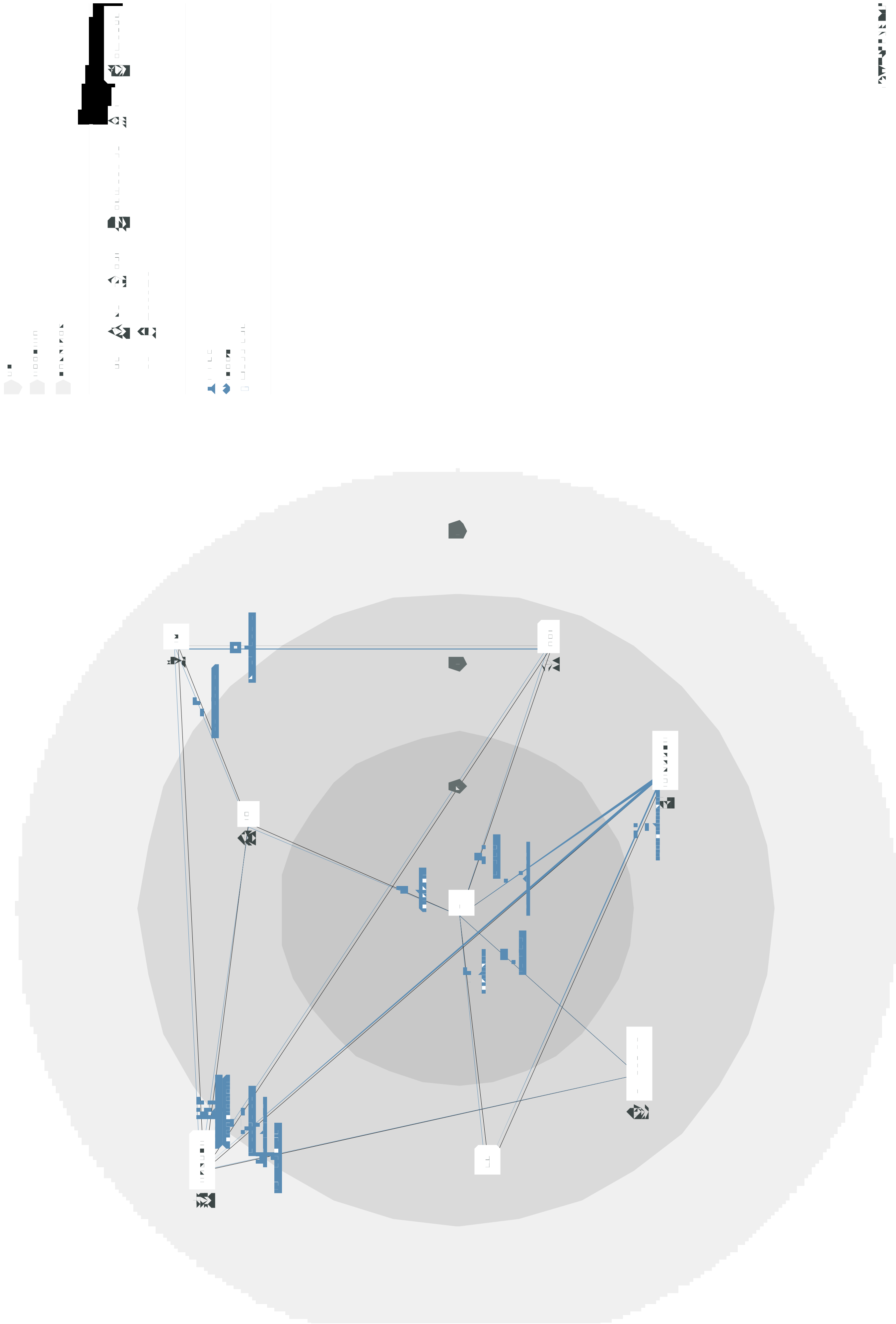
We are just about ready with the interview now.

- Is there something you would like me to clarify or do you have any questions for me?
- Did I miss a topic that you feel I should have asked you?

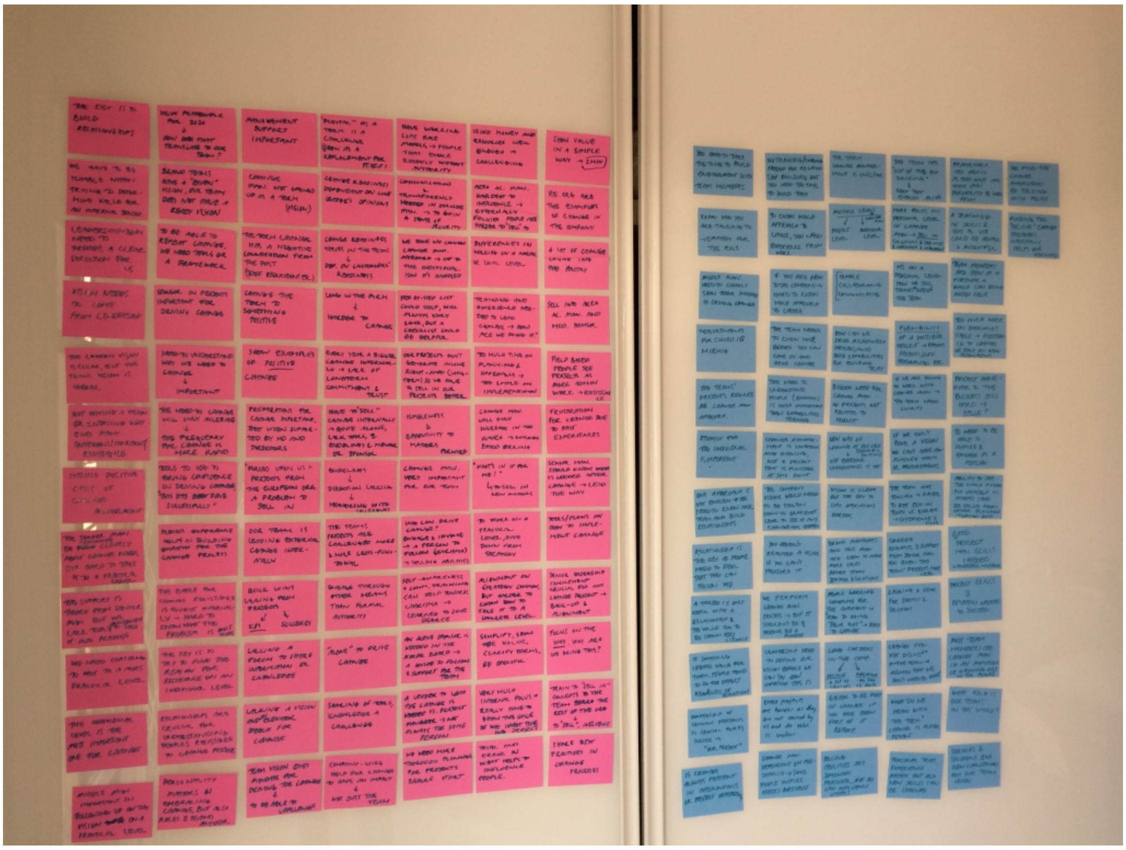
I would like to thank you for your time and letting me gain more insight about how you change management is present in our operations.

Appendix 3: External stakeholder map, two illlustrations





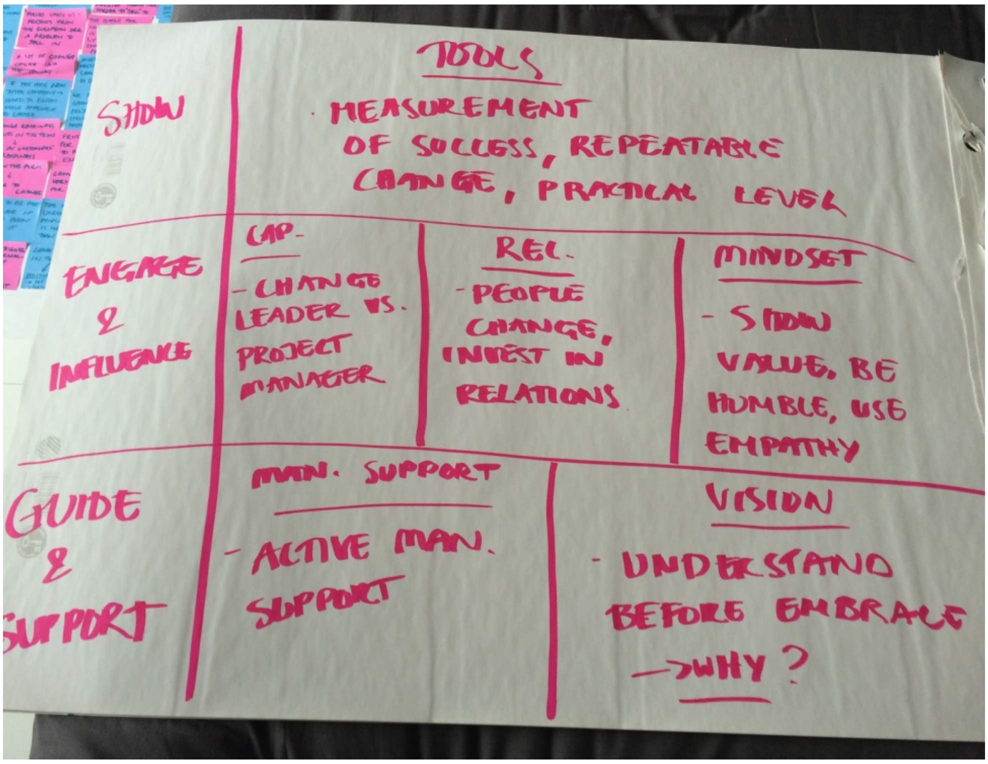
Appendix 4: Research & findings images, 1-11 images



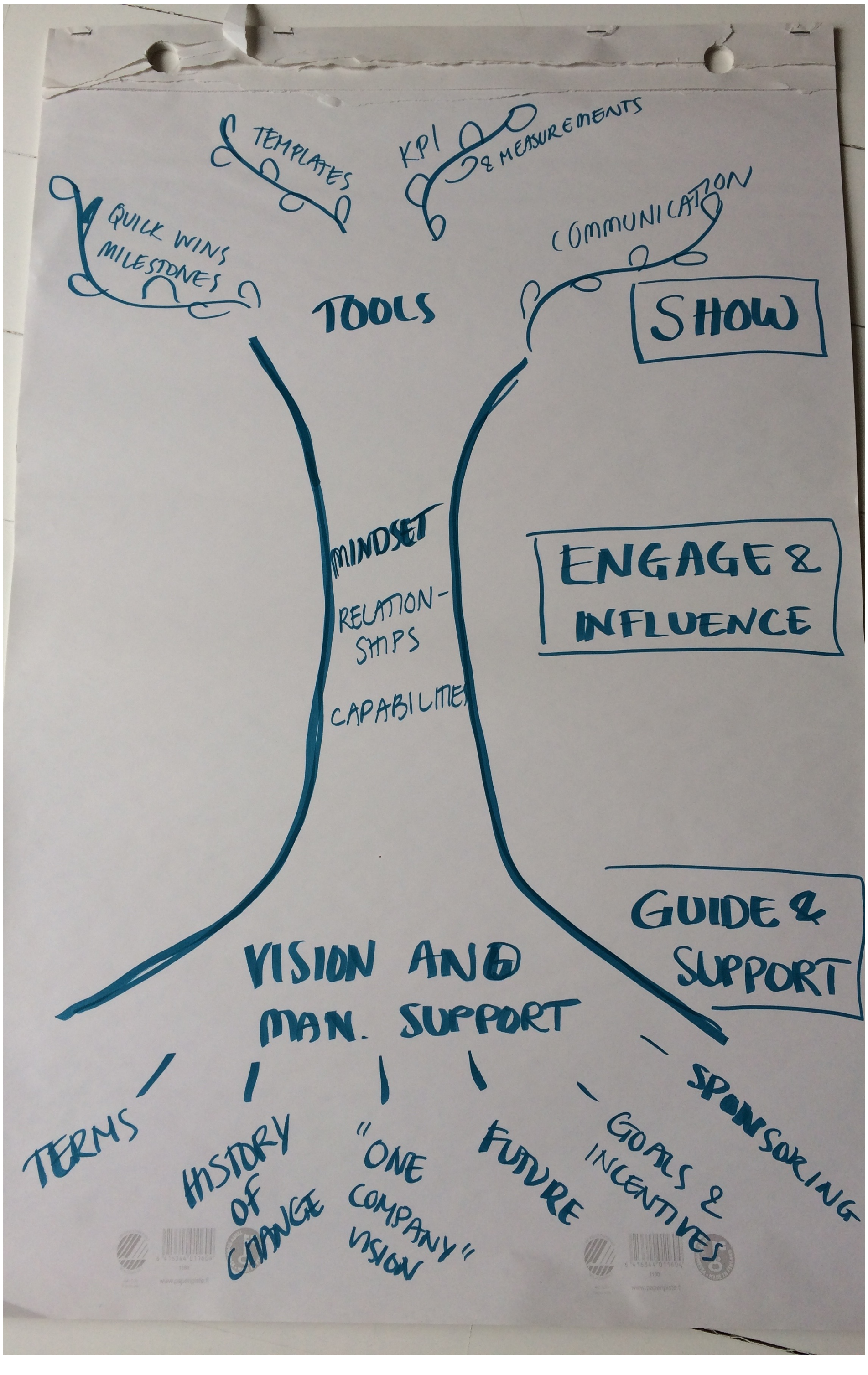
1: Starting point for the affinity diagram with all post-it notes from the research (own image)

2: Starting to cluster the information to find common headings (own image)

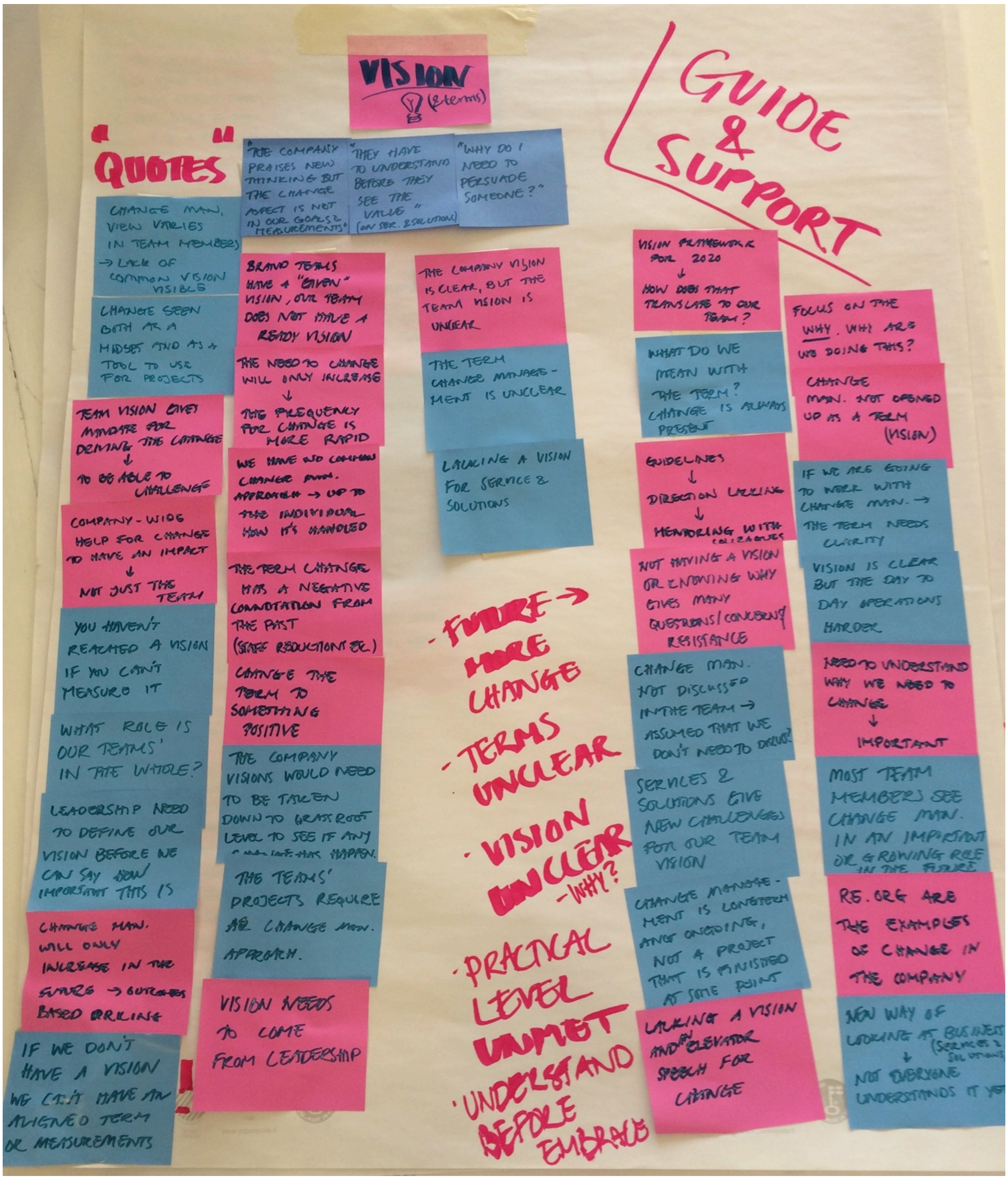
3: Headings found (own image)



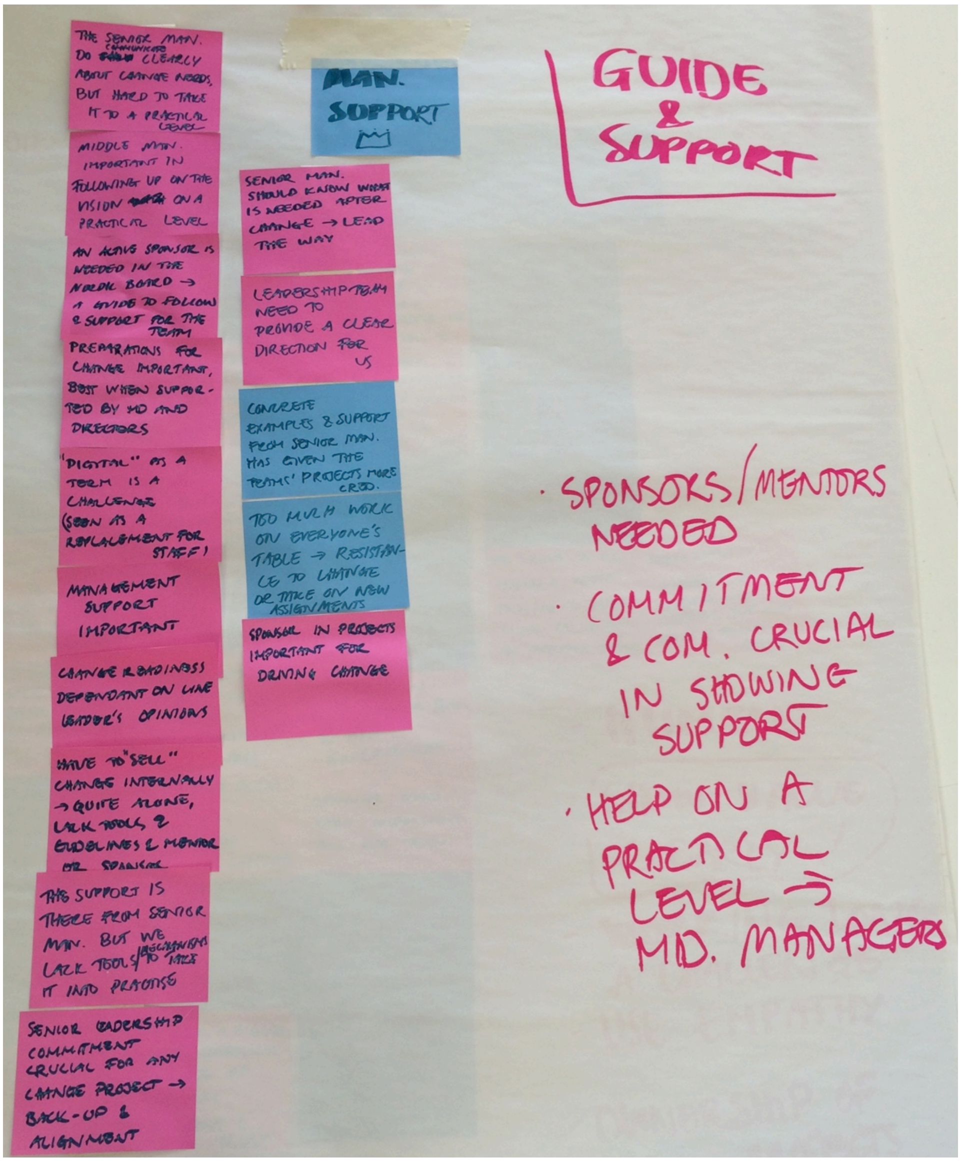
4: The three categories and six headings summarized into one leaflet (own image)



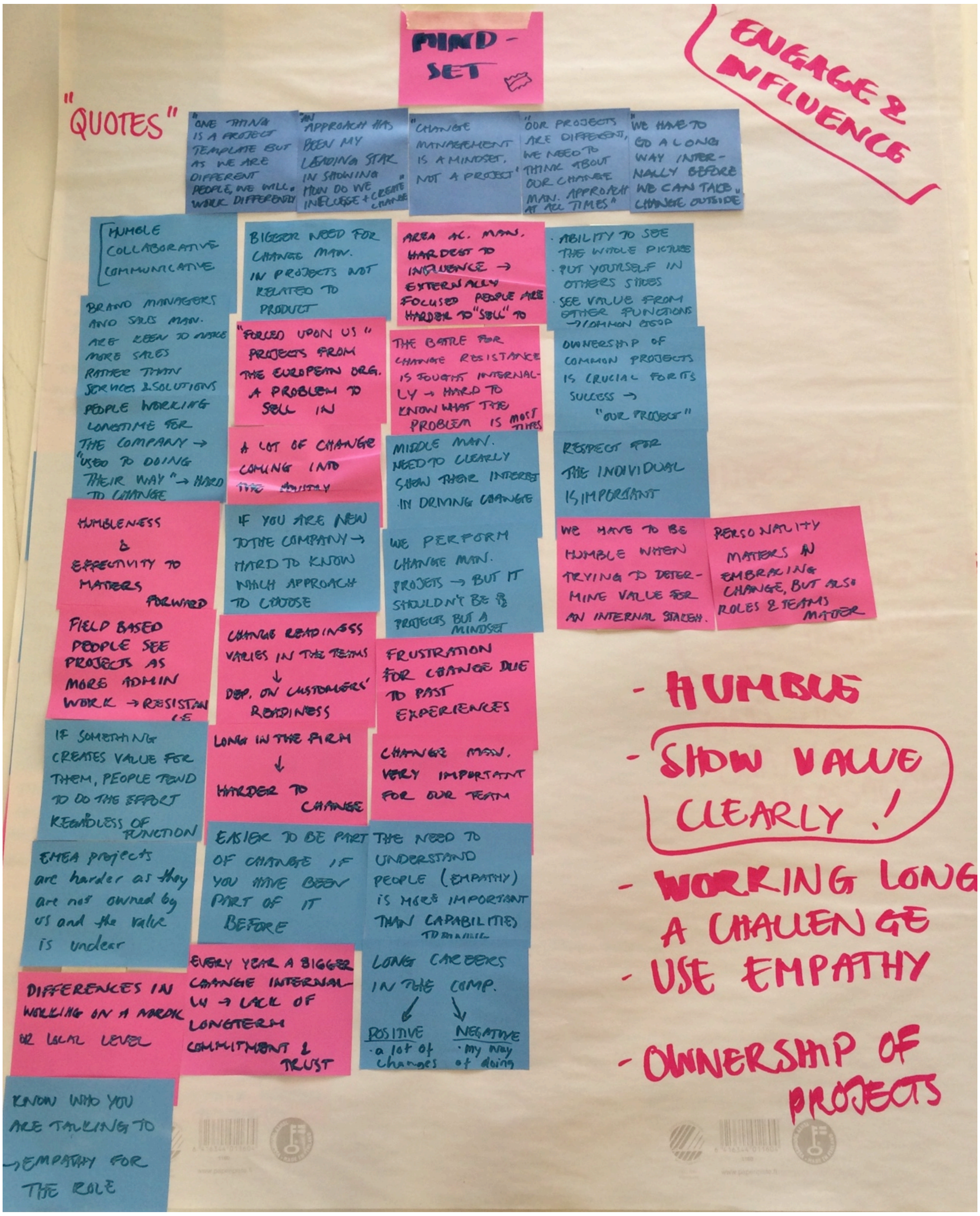
5: Visualization of research results in the form of a tree (own image)



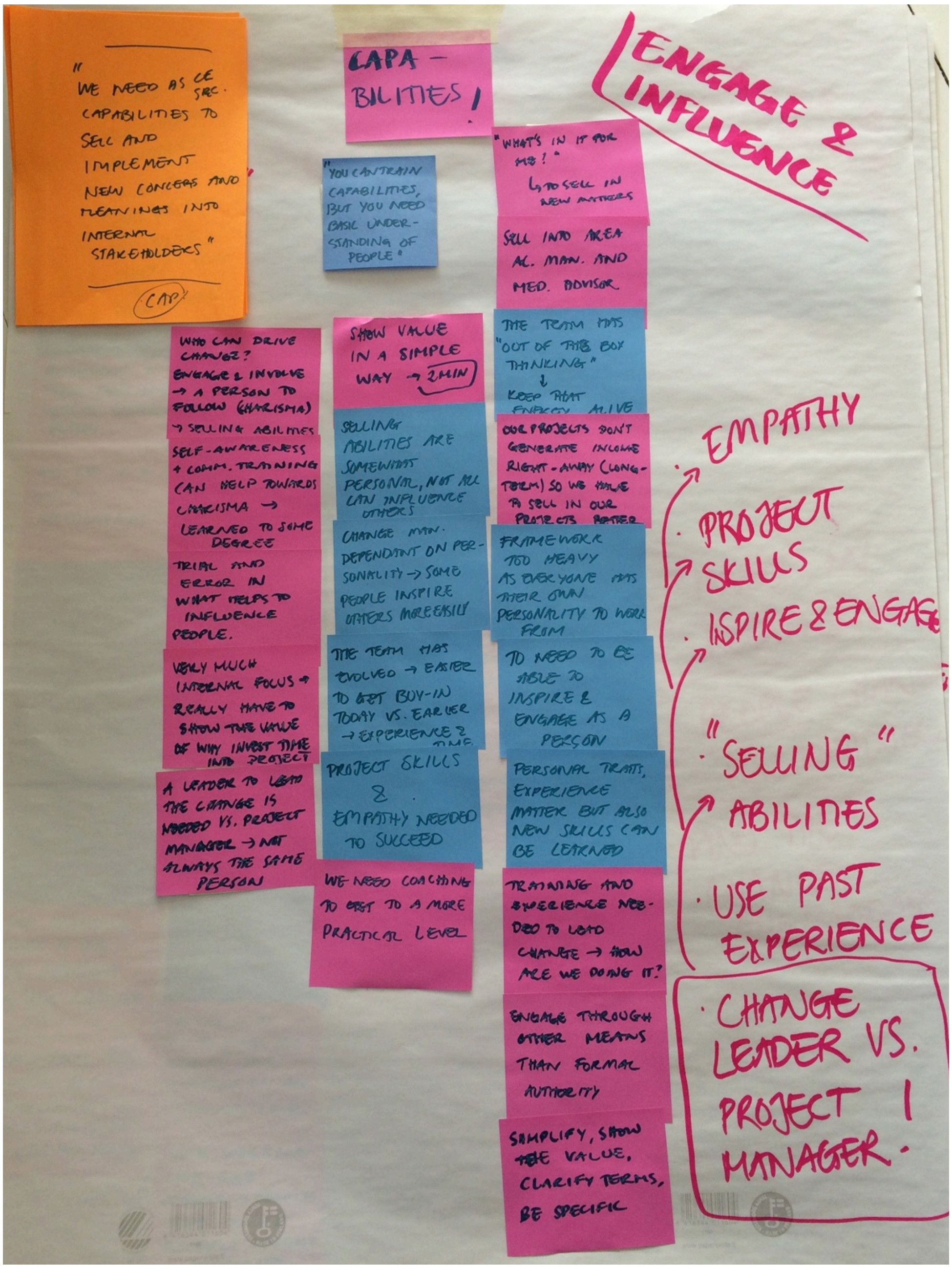
6: Cluster of notes related to vision (own image)



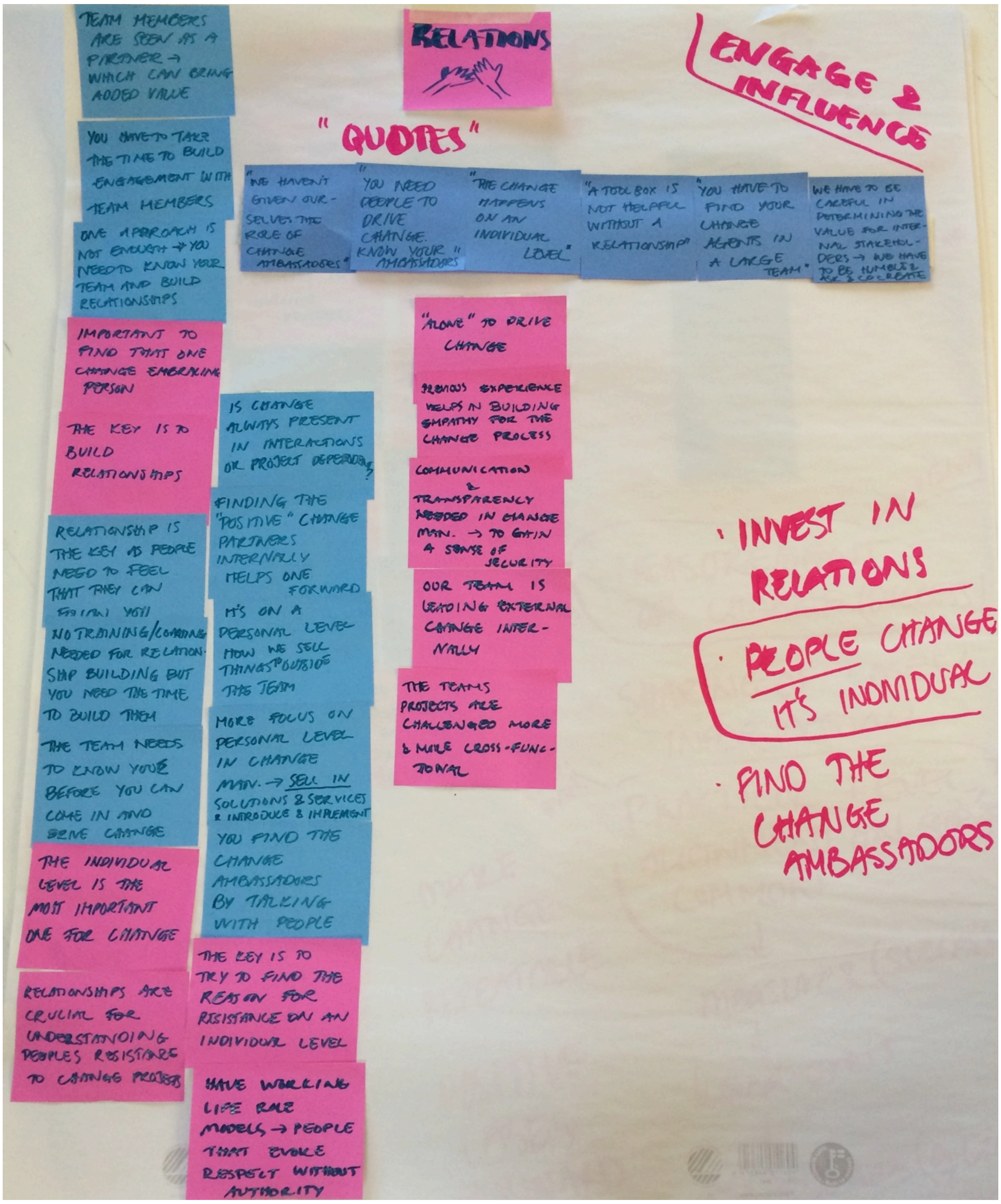
7: Cluster of notes related to managerial support (own image)



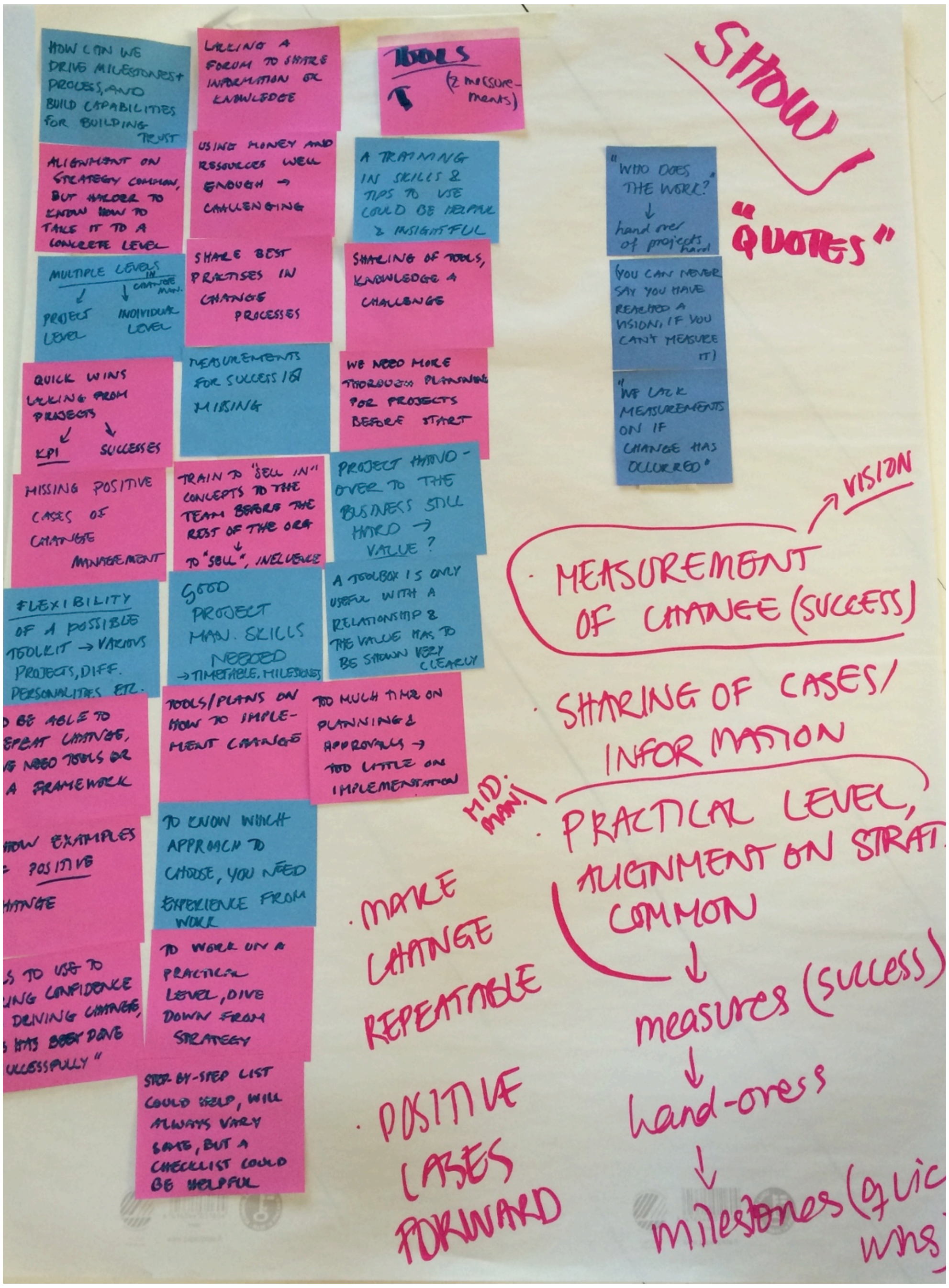
8: Cluster of notes related to mindset (own image)



9: Cluster of notes related to capabilities (own image)



10: Cluster of notes related to relationships (own image)



11: Cluster of notes related to tools (own image)